



**State of Tennessee
Health Services and Development Agency**

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

Date: February 15, 2016

To: HSDA Members

From:  Melanie M. Hill, Executive Director

Re: CONSENT CALENDAR JUSTIFICATION

Walgreens Infusion and Respiratory Services, LLC d/b/a Vanderbilt HC/Walgreens IV & RT Services, Nashville (Davidson County), TN – CN1612-040

The relocation of the applicant's principal office from 500 Wilson Pike Circle, Suite 115, Brentwood (Williamson County), TN 37027 to 624 Grassmere Park Drive, Suite 22, Nashville (Davidson County), TN 37211. The service area consists of Bedford, Cannon, Cheatham, Coffee, Davidson, Dekalb, Dickson, Franklin, Giles, Grundy, Hickman, Houston, Humphreys, Lawrence, Lewis, Lincoln, Macon, Marshall, Maury, Montgomery, Moore, Perry, Putnam, Robertson, Rutherford, Smith, Sumner, Trousdale, Warren, Wayne, White, Williamson, and Wilson Counties. The estimated project cost is \$3,867,636.

As permitted by Statute and further explained by Agency Rule later in this memo, I have placed this application on the Consent Calendar based upon my determination that the application appears to meet the established criteria for granting a Certificate of Need.

Need, Economic Feasibility, Health Care that Meets Appropriate Quality Standards and Contribution to the Orderly Development of Health Care appear to have been met as detailed below.

If Agency Members determine the criteria have been met, a member may move to approve the application by adopting the criteria set forth in this justification or develop another motion for approval

that addresses each of the criteria required for approval of a Certificate of Need. If you find one or more of the criteria have not been met, then a motion to deny is in order.

At the time the application entered the review cycle, it was not opposed. If the application is opposed prior to it being heard, it will be moved to the bottom of the regular February agenda and the applicant will make a full presentation.

Summary—

The project consists of relocating the principal (parent agency) office of Walgreens Infusion and Respiratory Services d/b/a Vanderbilt HC/Walgreens IV & RT Services (WIRS) from 500 Wilson Pike Circle, Suite 115 in Brentwood (Williamson County) to 624 Grassmere Park Drive, Suite 22, Nashville (Davidson County), a distance of approximately 6.2 miles. WIRS is a limited liability company owned equally by Vanderbilt Health Services and Option Care Enterprises. The purpose of the relocation is to co-locate the home health agency with the home infusion pharmacy WIRS also operates. WIRS also holds a home (durable) medical equipment license which has already relocated to this site. This relocation will have no impact on the 33-county service area (please note there is a discrepancy between the LOI which identifies a 34-county service area including Decatur County and the 33-county service area identified in the application. According to the TDH website, Decatur County is not part of the applicant's service area).

Please refer to the staff summary and to the TDH report for more detailed information.

Executive Director Justification -

I recommend approval for the relocation of the principal (parent) office of WIRS, CN1612-04 from Brentwood in Williamson County to Nashville in Davidson County based upon my belief the following general criteria for a Certificate of Need have been met.

Need-The need to relocate the principal home health agency office from Brentwood in Williamson County to Nashville in Davidson County is twofold: 1) the relocation will permit all of WIRS operations (home health agency, infusion pharmacy, home medical equipment provider) to continue to share costs which will create economies of scale including sharing lease, utilities and other operating expenses 2) the new location also provides sufficient growth opportunity for all operations which is especially important due to a recent market analysis that indicated that home infusion services would grow 9% annually through 2023, which will prompt a need for increased staffing for all the related entities.

Economic Feasibility-The total cost for the lease and construction build-out is \$3,867,636. WIRS did not break-out costs by the related entities since it was funding the move for all of them. The project is economically feasible because the project is expected to generate positive cash flow from operations after the relocation is complete. The positive cash flow is expected to exceed the investment after one year.

Health Care that Meets Appropriate Quality Standards-*This new criterion was established as a result of PC 1043 and is effective for all CONs granted after July 1, 2016.* WIRS is licensed by the Tennessee Department of Health and accredited by the Accreditation Commission for Health Care.

Contribution to the Orderly Development of Health Care- The project contributes to the orderly development of health care since the relocation will result in the pharmacy operations having a state of the art clean room facility and more workspace for all of its related entities' employees. With all operations co-located, there is the opportunity for better coordination of care. While the home health agency is not Medicare or Medicaid/TennCare certified, it does contract with five other home agencies which are Medicare/Medicaid (TennCare) certified and the pharmacy has contracts with three managed care organizations, so infusion services are accessible.

Based upon this justification, I recommend approval.

Statutory Citation -TCA 68-11-1608. Review of applications -- Report

(d) The executive director may establish a date of less than sixty (60) days for reports on applications that are to be considered for a consent or emergency calendar established in accordance with agency rule. Any such rule shall provide that, in order to qualify for the consent calendar, an application must not be opposed by any person with legal standing to oppose and the application must appear to meet the established criteria for the issuance of a certificate of need. If opposition is stated in writing prior to the application being formally considered by the agency, it shall be taken off the consent calendar and placed on the next regular agenda, unless waived by the parties.

Rules of the Health Services and Development Agency - 0720-10-.05 CONSENT CALENDAR

(1) Each monthly meeting's agenda will be available for both a consent calendar and a regular calendar.

(2) In order to be placed on the consent calendar, the application must not be opposed by anyone having legal standing to oppose the application, and the executive director must determine that the application appears to meet the established criteria for granting a certificate of need. Public notice of all applications intended to be placed on the consent calendar will be given.

(3) As to all applications which are placed on the consent calendar, the reviewing agency shall file its official report with The Agency within thirty (30) days of the beginning of the applicable review cycle.

(4) If opposition by anyone having legal standing to oppose the application is stated in writing prior to the application being formally considered by The Agency, it will be taken off the consent calendar and placed on the next regular agenda. Any member of The Agency may state opposition to the application being heard on the consent calendar, and if reasonable grounds for such opposition are given, the application will be removed from the consent calendar and placed on the next regular agenda.

(a) For purposes of this rule, the “next regular agenda” means the next regular calendar to be considered at the same monthly meeting.

(5) Any application which remains on the consent calendar will be individually considered and voted upon by The Agency.

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
FEBRUARY 22, 2017
APPLICATION SUMMARY**

NAME OF PROJECT: Walgreens Infusion and Respiratory Services, LLC
(WIRS) d/b/a Vanderbilt HC/Walgreens IV & RT
Services

PROJECT NUMBER: CN1612-040

ADDRESS: 624 Grassmere Park Drive, Suite 22
Nashville (Davidson County), Tennessee 37211

LEGAL OWNER: WIRS
3000 Lakeside Drive, Suite 300N
Bannockburn, Illinois 60015

OPERATING ENTITY: Option Care Enterprises, Inc.
3000 Lakeside Drive, Suite 300N
Bannockburn, Illinois 60015

CONTACT PERSON: Ron LaDuke
General Manager
Walgreens Infusion and Respiratory Services, LLC
(WIRS) d/b/a Vanderbilt HC/Walgreens IV & RT
Services
624 Grassmere Park Drive, Suite 22
Nashville (Davidson County), Tennessee 37211
(615) 614-3822

DATE FILED: December 12, 2016

PROJECT COST: \$3,867,636

FINANCING: Cash Reserves

PURPOSE FOR FILING: Relocation of the parent office of a home health
agency from Williamson County to Davidson County

**Walgreens Infusion and Respiratory Services, LLC (WIRS) d/b/a Vanderbilt
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CN1612-040
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DESCRIPTION:

Walgreens Infusion and Respiratory Services, LLC (WIRS) d/b/a Vanderbilt HC/Walgreens IV & RT Services is seeking ***Consent Calendar Approval*** for the relocation of its parent office from 500 Wilson Pike Circle, Suite 115, Brentwood (Williamson County), TN to 624 Grassmere Park, Suite 22, Nashville (Davidson County), TN. There will be no change in the applicant's licensed service area.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

2. For relocation or replacement of an existing licensed health care institution:
 - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

The applicant's home health nursing service currently operates from the Williamson County location while the pharmacy operation operates from the Davidson County location. Prior to construction of the space in Davidson County the home health nursing operation and the pharmacy operation shared the Williamson County space. Renovation of the Williamson County space to accommodate both operations would have resulted in the necessity to cease pharmacy operations for 3-6 months with an estimated loss of revenue of up to \$12 million. The Williamson County facilities are inadequate and insufficient to continue supporting the business in a manner that meets the highest standards of care. Maintaining the current space in Williamson County just for the home health operation would not be economically feasible. Even though the construction cost is \$1.7M, by renovating and relocating to the Davidson County location the pharmacy and home health operations will be able to continue operation uninterrupted.

It appears that the application meets this criterion.

- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

Recent market analysis conducted by the applicant suggests that the home health nursing service in conjunction with the home infusion pharmacy business will increase 9% annually.

It appears that the application meets this criterion.

Staff Summary

Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italic.

Application Synopsis

Walgreens Infusion and Respiratory Services, LLC (WIRS) d/b/a Vanderbilt HC/Walgreens IV & RT Services is a home health agency limited to infusion services. The applicant proposes to relocate its parent office from 500 Wilson Pike Circle, Suite 115, Brentwood (Williamson County), TN to 624 Grassmere Park, Suite 22, Nashville (Davidson County), TN. There will be no change to the applicant's service area.

An overview of the project is provided on pages 4-5 of the original application.

The applicant projects the initiation of service on March 1, 2017.

Facility Information

- WIRS proposes to relocate its parent office from 500 Wilson Pike Circle, Suite 115, Brentwood (Williamson County), TN to 624 Grassmere Park, Suite 22, Nashville (Davidson County), TN.
- The applicant has indicated that the operations of both its pharmacy and nursing service have outgrown the space in Brentwood and that the newly constructed space in Nashville will be able to accommodate both operations.
- The applicant's 33-county licensed service area includes: Bedford, Cannon, Cheatham, Coffee, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hickman, Houston, Humphreys, Lawrence, Lewis, Lincoln, Macon, Marshall, Maury, Montgomery, Moore, Perry, Putnam, Robertson, Rutherford, Smith, Sumner, Trousdale, Warren, Wayne, White, Williamson, and Wilson Counties.

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Ownership

- WIRS is a limited liability corporation which is equally owned by Vanderbilt Health Services and Option Care Enterprises.

Project History

- Construction of the building to house the applicant's operation in Davidson County began on September 21, 2015.
- The construction was completed on July 8, 2016.
- The pharmacy and home health nursing operations moved into the building on July 11, 2016.
- The applicant was notified by mail on September 13, 2016 that a CON is required for a home health agency to move its principal office from one county to another.
- The applicant moved the nursing operation back to the Williamson County location on September 14, 2016.
- This application was filed in the Agency office on December 12, 2016.

NEED

Project Need

WIRS cites the following reasons for relocation of the principal office:

- The proposed move of the principal location of the home health agency will permit greater growth and provide necessary administrative services for its homecare needs.
- The home health agency will continue to reside with the home infusion pharmacy in order to provide infusion services to patients in their home or alternate treatment site.
- Maintaining the current location with just the home health staff would create an undue financial burden due to operating costs that could not be supported solely by the home health business.

Service Area Demographics

- The total population of the existing 33 county service area is estimated at 2,616,839 residents in calendar year (CY) 2016 increasing by approximately 6.3% to 2,782,908 residents in (PY) 2020.
- The overall statewide population is projected to grow by 4.3% from 2016 to 2020.
- The 65 and older population will increase from 359,479 in 2016 by approximately 18.4% to 425,688 in 2020. The statewide 65 and older population is projected to increase by 16.0% between 2016 and 2020.

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- The latest 2016 percentage of the service area population enrolled in the TennCare program is approximately 20.0%, as compared to the statewide enrollment proportion of 22.9%.

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.

Service Area Historical Utilization

The trend of home health patients served in the existing 33-county service area is presented in the table below:

Service Area Home Health Utilization Trends

	2013 Home Health Patients	2014 Home Health Patients	2015 Home Health Patients	2013-2015 Percent Changed
33-County Service Area.	61,859	61,755	58,898	-4.8%

Source: 2013-2015 Home Health Joint Annual Report and DOH Licensure Applicable Listings

- The preceding chart demonstrates there has been a 4.8% decrease in home health patients residing in the 33-County service area between 2013 and 2015.

Applicant Historical and Projected Utilization

	2013	2014	2015	2016 Projected	2017 Projected	2018 Projected	'15-'18 % Change
Patients	46	68	87	104	138	171	96.6%
Visits	482	933	1,035	1,252	1,768	2,035	96.6%

Source: CN1612-040

The chart above indicates the following:

- The applicant expects 96.6% growth in both patients and patient visits between 2015 and 2018.

ECONOMIC FEASIBILITY

Project Cost

The estimated total project cost is \$3,867,636.

Major cost(s) are:

- Facility Lease-\$1,884,262 or 48.7% of total cost. The facility lease cost includes space for the home health nursing service and the pharmacy operation as the applicant was not able to separate the costs.
- Construction Costs-\$1,714,158 or 44.3% of total cost. The applicant states that in addition to the lease costs the construction costs are leasehold improvement costs which are borne by the leasing entity.

For details of the Project Cost Chart, see page 20 of the original application and Supplemental #1.

Financing

The applicant noted that the building to house nursing and pharmacy operations has already been built. The applicant provided a copy of the internal capital asset/ project authorization form signed by various executives including the chief financial officer and the chief executive officer.

Historical Data Chart

- According to the Historical Data Chart, WIRS reported the following gross operating revenue: \$60,904,353 in 2014, \$87,786,396 in 2015; and \$109,732,683 for 2016.
- According to the Historical Data Chart the applicant experienced positive net operating income for the three most recent years reported: \$1,105,954 for 2014; \$922,153 for 2015; and \$1,282,265 for 2016; however there was a negative net balance of (\$719,799) in 2016 due to a principal debt repayment of \$2,002,064.
- Average Annual Net Operating Income (NOI) was favorable at approximately 7.8%, 4.8%, and 5.5% of annual net operating revenue for the Years 2014, 2015, and 2016, respectively.

Projected Data Chart

The Projected Data Chart for WIRS reflects \$115,219,317 in gross operating revenue on 1,934 patient visits during the first year of operation and \$120,980,283 on 2,011 patient visits in Year Two. The Projected Data Chart reflects the following:

- Net balance (Net Income – (Annual Principal Debt Repayment + Annual Capital Expenditure) for the applicant will equal \$722,124 in Year One (2017) increasing to \$1,290,003 in Year Two (2018).

Charges

In Year One of the proposed project:

- The average gross charge/visit is projected to be \$59,578
- The average deduction from revenue is \$46,977.
- The average net charge is \$12,599

Medicare/TennCare Payor Mix

- TennCare-In 2017 the applicant projects \$12,098,028 in TennCare/Medicaid or 10.5% of projected gross revenue.
- Medicare-In 2017 the applicant projects \$34,565,795 in Medicare or 30.0% of total gross revenue.
- In the first supplemental response the applicant notes that the pharmacy operation has contracts with Medicare and the TennCare MCOs and the contracted nursing services are apportioned to provide these services as part of the pharmacy continuity of care.

PROVIDE HEALTHCARE THAT MEETS APPROPRIATE QUALITY STANDARDS

Licensure

- WIRS is licensed by the Tennessee Department of Health. A letter dated June 18, 2015 from the Tennessee Department of Health, West Tennessee Health Care Facilities states that no deficiencies were cited as a result of the licensure survey of the facility on June 15, 2015.
- The applicant reports that there was a Final Order approved by the Tennessee Board of Pharmacy. The Final Order pertained to the August 2014 death of a pediatric patient for whom a total parenteral nutrition (TPN) product was compounded at the pharmacy and provided for the patient's use. Board investigators determined that the TPN was not properly mixed. More details can be found in this order, which is included as Attachment B-5. B.1 in the original application

Certification

- The home health operation provides services as needed to Medicare and TennCare/Medicaid patients through its pharmacy operation's contracts.

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Accreditation

- WIRS is accredited by the Accreditation Commission for Health Care.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE

Agreements

- The applicant is a joint venture between Walgreens and Vanderbilt University Medical Center where care is jointly coordinated to provide infusion services to patients in the home. The applicant states that there are managed care contracts with Amerigroup, TennCare Select, and UHC Community. The applicant also identifies 5 home health agencies with which the applicant has nursing contracts.

Impact on Existing Providers

- The applicant has stated that the proposed project should have no negative effect on the existing health care system, since the project consists only of principal office relocation and no change in the service area counties.

Staffing

The applicant's current and proposed staffing is as follows:

Position	Current FTEs	Proposed FTEs
Delivery	3.00	3.00
Nurse	3.20	3.20
Pharmacy Tech	10.50	10.50
Pharmacist	5.75	5.75
Total Direct Care Positions	25.05	25.05
Administrative	3.00	3.00
Intake	11.25	11.25
Clinical Liaison	6.00	6.00
Nurse Manager	3.00	3.00
Pharmacy Manager	2.00	2.00
Account Manager	2.00	2.00
Total Non-Patient Care Pos.	30.25	30.25
TOTAL	55.30	55.30

Source: CN1612-040

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Corporate documentation, real estate lease, and invoices for office construction are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON would expire in two years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

Vanderbilt University Medical Center has a financial interest in this project and the following:

Vanderbilt University Medical Center, CN1602-010A, has an outstanding Certificate of Need that will expire on June 1, 2019. The application was approved at the April 27, 2016 Agency meeting for relocation of the Clinical Research Center (CRC) from the third floor of the Medical Center North Building to the second floor of the Round Wing also part of the Medical Center North Building. The relocated CRC will house 5 relocated inpatient licensed beds and 6 exam/outpatient rooms. In addition, ancillary and administration space will be added to support these programs. The total licensed bed complement of the medical center will not change due to this project. The estimated project cost is **\$10,579,159**. *Project Status Update: According to a 2/8/17 email from a representative of the applicant, relocations have occurred for the Clinical Research Center to begin construction on the new center. This construction should begin in March 2017.*

Vanderbilt University Hospitals, CN1406-021A, has an outstanding Certificate of Need that will expire on November 1, 2020. The CON was approved at the September 24, 2014 Agency meeting for the relocation of the obstetrical program, the newborn nursery, and the neonatal unit from Vanderbilt University Hospital to Monroe Carell Jr. Children's Hospital, the addition of 23 obstetrical beds and 24 neonatal/pediatric critical care beds, the addition of 61 adult acute care beds, the renovation of 79,873 square feet and new construction of 126,686 square feet. The estimated total project cost is **\$118,276,950.00**. *Project status update: Based on an email dated 2/8/17 from a representative of the applicant, this project includes several major components and is being implemented in stages. The first stage of the project is focused on opening observation units on the VUMC campus. One of the observation units is planned in phases. Phases 1 and 2 are opened; phase 3 is on target for Spring 2017. The second observation unit opened in August 2016. All other components of the*

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project will begin after relocation of existing clinics and services and/or after the completion of the MCJCHV expansion (CN0710-075).

Monroe Carell Jr. Children's Hospital at Vanderbilt, CN0710-075AE, has an outstanding Certificate of Need that will expire on March 1, 2018. The Certificate of Need was approved at the January 23, 2008 Agency meeting to expand the existing Monroe Carell Jr. Children's Hospital at Vanderbilt (MCJCHV) through an adjacent building connected to the existing hospital. The expansion will provide 90 additional pediatric acute critical care beds, 26 neonatal intensive care beds (16 relocated), and an expanded obstetrical service including 36 relocated postpartum beds, 12 new antepartum beds, 16 labor and delivery suites (12 relocated), 2 relocated operating rooms and 1 new obstetric operating room. Five pediatric operating rooms are proposed on the third floor which will also contain 5 additional shelled operating rooms to accommodate continued growth. MCJCHV is not licensed separately from Vanderbilt University Hospital (VUH). VUH's licensed bed capacity will increase from 946 to 1,051. The estimated project cost is **\$120,000,000.00**. *Project Status: Based on an email dated 2/8/17 from a representative of the applicant, construction continues on the Children's vertical expansion. With the recent construction boom in Nashville, the cranes were delayed six months and were not erected until December 2016. Approval from State Health was received in early January 2017.*

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

Letter of Intent

AxelaCare Health Solutions, LLC, has filed a letter of intent to expand CON approved (CN1606-022) to establish a home care organization and the initiation of home health services limited to the home infusion of immune globulin pharmaceuticals in 21 West Tennessee counties by expanding into 40 middle Tennessee counties. The estimated project cost is **\$70,000**.

Denied Applications:

Rainbow Home Health, CN1111-045D, was denied at the February 22, 2012 Agency meeting for the establishment of a home care organization and the initiation of a full range of home health services, including skilled nursing, physical/occupational/speech therapies, and medical social services for individuals residing in Cheatham County from a home office located at 112 Frey Street in Ashland City (Cheatham County), Tennessee 37015. The estimated cost

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was **\$262,600.00**. *Reasons for Denial: The prevailing reason for the vote leading to the denial of the project (4 ayes, 6 nays, 0 ties) was based on concerns with nature and scope of information provided by the applicant that did not support the need for the project, the economic feasibility or the orderly development of the project.*

Rainbow Home Health, CN1203-013D, was denied at the June 27, 2012 Agency meeting for the establishment of a home care organization and the initiation of a full range of home health services from a home office located at 112 Frey Street, Ashland City (Cheatham County), Tennessee. The estimated project cost was **\$27,950.00**. *Reasons for Denial: The application was denied by unanimous vote based on the following: There was no need due to services being adequately provided by existing licensed agencies in the service area; the project was not economically feasible due to the numbers not being justified or showing how the applicant could feasibly provide the service; and the project did not contribute to orderly development as it will impact the utilization and staffing of existing agencies in the service area.*

Outstanding Certificates of Need

Maxim Healthcare Services, CN1606-023A, has an outstanding Certificate of Need that will expire on October 1, 2018. The application was recently approved at the August 24, 2016 Agency meeting for the relocation of its parent office from 2416 21st Avenue South, Suite 208, Nashville (Davidson County), TN 37212 to 115 East Park Drive, Suite 200, Brentwood (Williamson County), TN 37027. Maxim's service area will not change. The counties included in the service area are Cheatham, Davidson, Dickson, Montgomery, Robertson, Rutherford, Sumner, Williamson, and Wilson. If approved, Maxim will close the office in Davidson County and will continue to maintain a branch office in Clarksville (Montgomery County). The estimated project cost is **\$3,201,828**. *Project Status: The project was recently approved.*

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, HEALTH CARE THAT MEETS APPROPRIATE QUALITY STANDARDS, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

MAF 2/13/2017

**Walgreens Infusion and Respiratory Services, LLC (WIRS) d/b/a Vanderbilt
HC/Walgreens IV & RT Services
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LETTER OF INTENT



State of Tennessee
Health Services and Development Agency

Andrew Jackson Building, 9th Floor
 502 Deaderick Street
 Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Buffalo River Review which is a newspaper
 of general circulation in Perry County, Tennessee, on or before December 7, 20 16
 for one day.
 (County) (Month / day) (Year)

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

a change of location for its home health agency servicing Bedford, Cannon, Cheatham,
 Walgreens Infusion and Respiratory Services, LLC d/b/a Vanderbilt HC/Walgreens IV & RT Services
 (Name of Applicant) Home Health Agency
 (Facility Type-Existing)

owned by: Walgreens Infusion and Respiratory Services, LLC. with an ownership type of Joint Venture

and to be managed by: Walgreens Infusion and Respiratory Services, LLC. intends to file an application for a Certificate of Need

for [PROJECT DESCRIPTION BEGINS HERE]: to relocate its principle office from 500 Wilson Pike Circle, Suite 115, Brentwood, TN 37027 to 624 Grassmere Park Drive, Suite 22

Nashville, TN, 37211 at a cost of \$3,860,525. The applicant is licensed as a home health agency by the Board of Licensing Health Care Facilities. The project does not contain any major medical equipment,
 or initiate or discontinue any other health services; and it will not change the applicant agency's authorized service area counties of Bedford, Cannon, Cheatham, Coffee, Davidson, Decatur, DeKalb, Dickson,
 Franklin, Giles, Grundy, Hickman, Houston, Humphreys, Lawrence, Lewis, Lincoln, Macon, Marshall, Maury, Montgomery, Moore, Perry, Putnam, Robertson, Rutherford, Smith, Sumner, Trousdale, Warren,
 Wayne, White, Wilson, Williamson.

The anticipated date of filing the application is: December 12, 20 16

The contact person for this project is Ron LaDuke General Manager
 (Contact Name) (Title)

who may be reached at: Vanderbilt HC/Walgreens IV & RT Services 624 Grassmere Park Drive, Suite 22
 (Company Name) (Address)
Nashville TN 37211-3662 615-726-0776
 (City) (State) (Zip Code) (Area Code / Phone Number)

[Signature] 12/02/2016 RON.LADUKE@OPTIONCARE.COM
 (Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.



State of Tennessee
Health Services and Development Agency

Andrew Jackson Building, 9th Floor
 502 Deaderick Street
 Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Tennessean which is a newspaper
 of general circulation in all included counties (Name of Newspaper)
 (County), Tennessee, on or before December 8, 20 16,
 for one day. (Month / day) (Year)

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Walgreens Infusion and Respiratory Services, LLC d/b/a Vanderbilt HC/Walgreens IV & RT Services
 (Name of Applicant)

Home Health Agency
 (Facility Type-Existing)

owned by: Walgreens Infusion and Respiratory Services, LLC. with an ownership type of Joint Venture

and to be managed by: Walgreens Infusion and Respiratory Services, LLC. intends to file an application for a Certificate of Need
 for [PROJECT DESCRIPTION BEGINS HERE]:

to relocate its principle office from 500 Wilson Pike Circle, Suite 115, Brentwood, TN 37027 to 624 Grassmere Park Drive, Suite 22
Nashville, TN, 37211 at a cost of \$3,860,525. The applicant is licensed as a home health agency by the Board of Licensing Health Care Facilities. The project does not contain any major medical equipment,
or initiate or discontinue any other health services; and it will not change the applicant agency's authorized service area counties of Bedford, Cannon, Cheatham, Coffee, Davidson, Decatur, DeKalb, Dickson,
Franklin, Giles, Grundy, Hickman, Houston, Humphreys, Lawrence, Lewis, Lincoln, Macon, Marshall, Maury, Montgomery, Moore, Perry, Putnam, Robertson, Rutherford, Smith, Sumner, Trousdale, Warren,
Wayne, White, Wilson, Williamson.

The anticipated date of filing the application is: December 12, 20 16

The contact person for this project is Ron LaDuke General Manager
 (Contact Name) (Title)

who may be reached at: Vanderbilt HC/Walgreens IV & RT Services 624 Grassmere Park Drive, Suite 22
 (Company Name) (Address)

Nashville
 (City)

TN

(State)

37211-3662

(Zip Code)

615-726-0776

(Area Code / Phone Number)

[Signature]
 (Signature)

12/02/2016

(Date)

RON.LADUKE@OPTIONCARE.COM

(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Original Application

-COPY-

**Walgreens Infusion &
Respiratory Services, LLC**

CN1612-040

WALGREENS INFUSION AND RESPIRATORY SERVICES, LLC. (WIRS)
D/B/A VANDERBILT HC/WALGREENS IV & RT SERVICES

CERTIFICATE OF NEED APPLICATION TO RELOCATE
ITS PRINCIPAL HOME HEALTH AGENCY ADMINISTRATIVE OFFICE
FROM WILLIAMSON COUNTY TO DAVIDSON COUNTY

Submitted December, 2016

AFFIDAVIT

DEC 12 '16 PM 2:55

STATE OF TennesseeCOUNTY OF Davidson Rutherford

Ron LaDuke, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, et seq., and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.




General Manager

SIGNATURE/TITLE

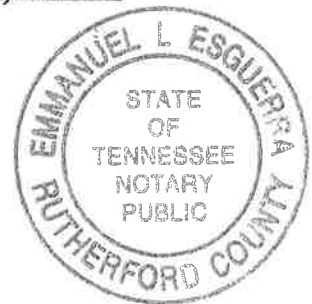
Sworn to and subscribed before me this 10th day of December, 2016 a Notary
(Month) (Year)

Public in and for the County/State of Tennessee



NOTARY PUBLIC

My commission expires 08-19, 2017
(Month/Day) (Year)



SECTION A: APPLICANT PROFILE**1. Name of Facility, Agency, or Institution**

WALGREENS INFUSION AND RESPIRATORY SERVICES, LLC. (WIRS)
D/B/A VANDERBILT HC/WALGREENS IV & RT SERVICES

Name

624 Grassmere Park Drive, Suite 22

Davidson

Street or Route

County

Nashville

TN

37211

City

State

Zip Code

Website Address: www.optioncare.com

2. Contact Person Available for Responses to Questions

Ron LaDuke

General Manager

Name

Title

WALGREENS INFUSION AND RESPIRATORY SERVICES, LLC. (WIRS)
D/B/A VANDERBILT HC/WALGREENS IV & RT SERVICES

Ron.LaDuke@Optioncare.com

Company Name

Email Address

624 Grassmere Park Drive, Suite 22

Nashville

Tennessee

37211

Street or Route

City

State

Zip Code

General Manager

615-614-3822

615-726-8887

Association with Owner

Phone Number

Fax Number

SECTION A: EXECUTIVE SUMMARY**A. Overview****1. Description**

The project consists of relocating the principal WIRS office from its current location of 500 Wilson Pike Circle, Suite 115, Brentwood TN 37027 (Williamson County) to 624 Grassmere Park, Suite 22, Nashville TN 37211 (Davidson County) in order to accommodate our growing home infusion services. The Nashville location will have a state of the art pharmacy clean room facility and a larger workspace for our employees. The nursing operation will need to continue reside with the infusion pharmacy order to continue with the appropriate level of coordination of care that is necessary to provide high quality patient care to the patients we service.

2. Ownership Structure

The applicant, Walgreens Infusion and Respiratory Services (WIRS), is a limited liability corporation equally owned by Vanderbilt Health Services and Option Care Enterprises.

3. Service Area

The current service area for this location will not be affected. The service area for this project consists of Bedford, Cannon, Cheatham, Coffee, Davidson, Dekalb, Dickson, Franklin, Giles, Grundy, Hickman, Houston, Humphreys, Lawrence, Lewis, Lincoln, Macon, Marshall, Maury, Montgomery, Moore, Perry, Putnam, Probertson, Rutherford, Smith, Sumner, Trousdale, Warren, Wayne, White, Williamson, Wilson Counties. WIRS is not requesting to expand into any new counties in this application.

4. Need and Existing Services

This proposed move of the principal WIRS location will allow for increased growth. The nursing operation will continue to reside with the home infusion pharmacy in order to provide infusion services to patients in their home or alternate treatment site. The current facilities at Brentwood are inadequate and insufficient to continue supporting the business in a manner that meets the highest standards of care. Maintaining the current location with just the home health staff would create an undue financial burden due to lease, utilities, and other operating costs that would not be able to be supported solely by the home health business.

Recent market analysis projects that home infusion will grow 9% annually through 2023*, which will result in a continued growth and need for nursing services for this patient base.

5. Project Cost

The renovations and relocation to the newly leased space for the pharmacy and home health operations estimated cost \$1,714,158. The overall project costs including construction, expenses, and lease requirements is estimated at \$3,860,525.

6. Funding

The funding for the project came from WIRS cash reserves.

7. Financial Feasibility

WIRS expects to generate positive cash flows from operations after relocation is completed. These positive cash flows are expected to exceed the project investment after about one year of operations (i.e. 1-year payback).

DEC 12 '16 PM 2:51

8. Staffing

WIRS employs 55 people in the following:

- 6 Nursing Management and RN's
- 11 Intake and Customer Service Personnel
- 3 Administrative Staff and Management
- 18 Pharmacists, Technicians and Patient Service Representatives
- 6 Warehouse Distribution and Delivery personnel
- 9 Clinical Liaisons and Dietitians
- 2 Account Managers

B. Rational for Approval (one-page summary of section B)

1) Need

This proposed move of the principal location will permit greater growth and to provide necessary administrative services for its homecare needs. The applicant's 33 county service area has been serviced for the last 7 years. It will not be changed as a result of this relocation of the principal office. The applicant primarily services patients age 0-64. That group currently numbers 2,264,383. By 2020 it is projected to increase by 1.27% to 2,357,480 persons.

2) Economic Feasibility

This project is expected to have a total calculated cost of \$3,860,525 including construction, leasehold, and other improvements. WIRS, including the nursing services will have an estimated net revenue of \$23,205,277 in 2016. This project is fully funded with available cash in the business.

3) Appropriate Quality Standards

This project will allow WIRS to continue to provide home nursing care for patients with chronic and complex conditions requiring extended dosing times that will not be serviced by other home health providers in this service area. The project will continue to bring to the service area a continued option for the care of complex cases, both pediatric and adult. This project will continue to provide expanded access to low-income and indigent care for complex patients. The applicant is currently licensed through The Department of Health and is accredited by the Accreditation Commission for Health Care (ACHC).

4) Orderly Development to adequate and effective healthcare

WIRS is part of the continuum of health care, primarily providing care to patients transitioning from the acute care setting to home for infusion services. Additionally, WIRS coordinates with physicians, hospitals, health systems, medical groups, payors, and other health care providers, treating patients with infusion services for chronic and acute illnesses in an alternate treatment setting. WIRS is a licensed nursing agency and accredited by the national organization, ACHC.

C. Consent Calendar Justification

See attached Letter

SECTION A: PROJECT DETAILS**A. Owner of Facility, Agency or Institution**

WIRS	312-940-2500	
Name	Phone Number	
3000 Lakeside Drive, Suite 300N	Lake	
Street or Route	County	
Bannockburn	Illinois	60015
City	State	Zip Code

B. Type of Ownership or Control (Check One)

A. Sole Proprietorship	<input type="checkbox"/>	F. Government (State of TN or Political	<input type="checkbox"/>
B. Partnership	<input type="checkbox"/>	G. Joint Venture	<input type="checkbox"/>
C. Limited Partnership	<input type="checkbox"/>	H. Limited Liability Company	<input checked="" type="checkbox"/>
D. Corporation (For-Profit)	<input type="checkbox"/>	I. Other (Specify):	<input type="checkbox"/>
E. Corporation (Not-for-Profit)	<input type="checkbox"/>		<input type="checkbox"/>

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence.

- **See Attachment Section A-4A**
- **See Attachment Section A-4B**

Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site.

- **See Attachment Section A-4C**

Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure related to the applicant. As applicable, identify the members of the ownership entity and each member's percent of ownership, for those members with 5% ownership (direct or indirect) interest.

WIRS, LLC is 50% owned by Option Care Enterprises, Inc. and 50% by Vanderbilt Health Services, Inc.

- **See Attachment Section A-4D**

3. Name of Management / Operating Entity (if applicable):

Name Option Care Enterprises, Inc.

Street or Route 3000 Lakeside Drive, Suite 300N

County Lake

City Bannockburn

State IL

Zip Code 60015

4.**A. Legal Interest in the Site of the Institution**

A. Ownership		D. Option to Lease	
B. Option to Purchase		E. Other (Specify):	
C. Lease of 6 Years	X		

For Applicants or applicant's parent company/owner that currently owns the building/land for the project location, attach a copy of the title/deed. For applicants for applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not yet been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements **must include** the anticipated purchase price. Lease/Option or Lease Agreements **must include** actual/anticipated term of the agreement **and** actual/anticipated lease expense. The legal interests described herein **must be valid** on the date of the Agency's consideration of the certificate of need application.

- **See Attachment Section A-6A**

B. Attach a copy of the site's plot plan, floor plan and if applicable, public transportation route to and from the site on an 8 1/2" x 11" sheet of white paper, single or double sided. **DO NOT SUBMIT BLUEPRINTS**. Simple line drawings should be submitted and not need to be drawn to scale.

1) Plot Plan must include:

- Size of the site (**in acres**)
- Location of structure on the site
- Location of proposed construction / renovation; and
- Names of streets, roads or highway that cross or border the site.

- **See Attachment Section A-6B-1 a-d**

2) Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 1/2" x 11" sheet of white paper or as many as necessary to illustrate the floor plan.

- **See Attachment Section A-6B-2**

3) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

The location of the proposed site is readily accessible to all service area counties. The proposed site is located approximately 1 mile from the nearest public transportation route. Site is located within ¼ miles from Trousdale Blvd, Nashville; and located within 1.5 miles from the intersection of Harding Place and Trousdale Blvd, Nashville. Site is one floor high, and all patient areas are handicap-accessible.

December 30, 2016

5. Type of Institution (Check as appropriate – more than one response may apply)

A. Hospital (Specify):		H. Nursing Home	
B. Ambulatory Surgical Treatment Center (ASTC) Multi-Specialty		I. Outpatient Diagnostic Center	
C. ASTC, Single Specialty		J. Habilitation Facility	
D. Home Health Agency	X	K. Residential Hospice	
E. Hospice		L. Nonresidential Substitution-Based Treatment Center for Opiate Addiction	
F. Mental Health Hospital		M. Other (Specify):	
G. Intellectual Disability Institutional Habilitation Facility ICF/IID			

6. Purpose of Review (Check appropriate line(s) – more than one response may apply).

A. New Institution		F. Change in bed compliment (please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation)	
B. Modifying an ASTC with limitation still required per CON		G. Satellite Emergency Department	
C. Addition of MRI Unit		H. Change in Location	X
D. Pediatric MRI		I. Other (Specify)	
E. Initiation of Health Care Service as defined in T.C.A ss68-11-1607(4) Specify:			

7. Medicaid/TennCare, Medicare Participation

MCO Contracts (Check all that Apply)

☐ Amerigroup ☐ United Healthcare Community Plan ☐ BlueCare ☐ TennCare Select
Medicare Provider Number: N/AMedicaid Provider Number: N/ACertification Type: N/A

If a new facility, will certification be sought and/or Medicaid / TennCare?

Medicare ☐ Yes ☒ No X N/A Medicaid / TennCare ☐ Yes ☐ No X N/A

8. Bed Complement Data

A. Please indicate current and proposed distribution and certification of facility beds.

	Current Licensed	Beds Staffed	Beds Proposed	Beds Approved	Beds Exempted	Total Beds at Completion
Medical	N/A	N/A	N/A	N/A	N/A	N/A
Surgical	N/A	N/A	N/A	N/A	N/A	N/A
ICU/CCU	N/A	N/A	N/A	N/A	N/A	N/A
Obstetrical	N/A	N/A	N/A	N/A	N/A	N/A
NICU	N/A	N/A	N/A	N/A	N/A	N/A
Pediatric	N/A	N/A	N/A	N/A	N/A	N/A
Adult psychiatric	N/A	N/A	N/A	N/A	N/A	N/A
Geriatric psychiatric	N/A	N/A	N/A	N/A	N/A	N/A
Child / Adolescent Psychiatric	N/A	N/A	N/A	N/A	N/A	N/A
Rehabilitation	N/A	N/A	N/A	N/A	N/A	N/A
Adult chemical dependency	N/A	N/A	N/A	N/A	N/A	N/A
Child / adolescent chemical dependency	N/A	N/A	N/A	N/A	N/A	N/A
Long-term care hospital	N/A	N/A	N/A	N/A	N/A	N/A
Swing beds	N/A	N/A	N/A	N/A	N/A	N/A
Nursing home –SNF (Medicare only)	N/A	N/A	N/A	N/A	N/A	N/A
Nursing home – NF (Medicaid only)	N/A	N/A	N/A	N/A	N/A	N/A
Nursing home – SNF/NF (dually certified Medicare/Medicaid)	N/A	N/A	N/A	N/A	N/A	N/A
Nursing Home – Licensed (non-certified)	N/A	N/A	N/A	N/A	N/A	N/A
ICF/IID	N/A	N/A	N/A	N/A	N/A	N/A
Residential Hospice	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	N/A	N/A	N/A	N/A	N/A	N/A

B. Describe the reason for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services. **N/A**

C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below. **N/A**

CON Number	CON Expiration Date	Total Licensed Beds Approved
N/A	N/A	N/A

9. Home Health Organizations – Home Health Agency, Hospice, (excluding Residential Hospice), identify the following by checking all that apply:

	Existing Licensed County	Parent Office	Proposed Licensed County		Existing Licensed County	Parent Office	Proposed Licensed County
Anderson				Lauderdale			
Bedford	X		X	Lawrence	X		X
Benton				Lewis	X		X
Bledsoe				Lincoln	X		X
Blount				Loudon			
Bradley				McMinn			
Campbell				McNairy			
Cannon	X		X	Macon	X		X
Carroll				Madison			
Carter				Marion			
Cheatham	X		X	Marshall	X		X
Chester				Maury	X		X
Claiborne				Meigs			
Clay				Monroe			
Cocke				Montgomery	X		X
Coffee	X		X	Moore	X		X
Crockett				Morgan			
Cumberland				Obion			
Davidson	X		X	Overton			
Decatur				Perry	X		X
Dekalb	X		X	Pickett			
Dickson	X		X	Polk			
Dyer				Putnam	X		X
Fayette				Rhea			
Fentress				Roane			
Franklin	X		X	Robertson	X		X
Gibson				Rutherford	X		X
Giles	X		X	Scott			
Grainger				Sequatchie			
Greene				Sevier			
Grundy	X		X	Shelby			
Hamblin				Smith	X		X
Hamilton				Stewart			
Hancock				Sullivan			
Hardeman				Sumner	X		X
Hardin				Tipton			
Hawkins				Trousdale	X		X
Haywood				Unicoi			
Henderson				Union			
Henry				Van Buren			
Hickman	X		X	Warren	X		X
Houston	X		X	Washington			
Humphreys	X		X	Wayne	X		X
Jackson				Weakly			
Jefferson				White	X		X
Johnson				Williamson	X	X	X
Knox				Wilson	X		X
Lake							

December 23, 2016**5. Section A, Project Details, Item 10, Square Footage and Cost Per Square Footage Chart**

The applicant notes a total GSF of 15,000 in the Square Footage and Cost Per Square Footage Chart; however the lease notes 15,306 SF of rentable space. Please clarify.

The applicant notes the renovated and total construction cost per square foot is under the 1st quartile. However, there is not a category similar to the proposed project type to compare renovation and construction costs. Please clarify.

Clarification regarding the Cost per Square Foot Within Which Range, the original submission compared the construction costs to the publish rates for hospital construction. This was an error, and because there are no publish construction cost ranges publically published for Home Health renovation/construction, this notation was removed from the above chart.

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
Pharmacy	Brentwood	9,760	n/a	Nashville	14,378	0	14,378
Home Health	Brentwood	240	n/a	Nashville	928	0	928
Unit/Department GSF Sub-total							
Other GSF Total							
Total GSF	Brentwood	10,000	n/a	Nashville	15,306	0	15,306
*Total Cost					1,714,158	0	1,714,158
**Cost per Square Foot					\$ 111.99	0	\$ 111.99
Cost per Square Foot is Within Which Range (For Quartile ranges, please refer to an Applicant's Toolbox on www.tn.gov/hsda)					<input type="checkbox"/> Below 1st Quartile	<input type="checkbox"/> Below 1st Quartile	<input type="checkbox"/> Below 1st Quartile
					<input type="checkbox"/> Between 1st and 2nd Quartile	<input type="checkbox"/> Between 1st and 2nd Quartile	<input type="checkbox"/> Between 1st and 2nd Quartile
					<input type="checkbox"/> Between 2nd and 3rd Quartile	<input type="checkbox"/> Between 2nd and 3rd Quartile	<input type="checkbox"/> Between 2nd and 3rd Quartile
					<input type="checkbox"/> Above 3rd Quartile	<input type="checkbox"/> Above 3rd Quartile	<input type="checkbox"/> Above 3rd Quartile

11. MRI, PET and / or Linear Accelerator: N/A

1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or
2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following: **N/A**
 - A. Complete the chart below for acquired equipment: **N/A**
 - B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment. **N/A**
 - C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart: **N/A**
 - D. Schedule of Operations: **N/A**
 - E. Identify the clinical applications to be provided that apply to the project: **N/A**
 - F. If the equipment has been approved by the FDA within the last five years provide documentation of the same: **N/A**

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. ss68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care." Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. ss68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper, single sided or double sided. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. **If a question does not apply to your project, indicate "Not Applicable (N/A)."**

QUESTIONS**(1) NEED**

1. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency's website at <http://www.tn.gov/hsda/article/hsda-criteria-and-standards>.

Construction, Renovation, Expansion, and Replacement of Health Care Institutions

2. For relocation or replacement of an existing licensed health care institution:
 - a. The applicant should give plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

The nursing operation is conducted in direct conjunction with the infusion pharmacy to ensure appropriate coordination of care is provided to the patients we service. Renovation of current leased space would result in a necessity to cease pharmacy operations for 3-6 months with an estimated loss of revenue of up to \$12 million. The current facilities at Brentwood are inadequate and insufficient to continue supporting the business in a manner that meets the highest standards of care. Maintaining the current location with just the home health staff would create an undue financial burden due to lease, utilities, and other operating costs that would not be able to be supported solely by the home health business. The renovations and relocation to the newly leased space for the pharmacy and home health operations will incur estimated construction costs of \$1.7M but will permit operations to continue while construction is completed.

- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

It is anticipated that the continued growth of the nursing operation will be directly tied to the growth of the home infusion pharmacy business over at least the next 3 years. Recent market analysis projects that home infusion will grow 9% annually through 2023*, which will result in a continued growth and need for nursing services for this patient base.

* <https://globenewswire.com/news-release/2016/05/23/842296/0/en/Home-Infusion-Therapy-Market-size-worth-26-3-Billion-by-2023-Global-Market-Insights-Inc.html>

2. Describe the relationship of this project to the applicant family's long range development plans, if any, and how it relates to related previously approved projects of the applicant.

This principal location is associated with the WIRS, sharing office space and jointly servicing patients for skilled nursing and infusion needs. This proposed move of the principal location will permit greater growth and to provide necessary administrative services for homecare needs. The increased square footage will allow the nursing operation to increase its administrative workflow to meet all needs to operate an efficient and effective operation.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable.

The applicant's 33 county service area has been serviced for the last 7 years. It will not be changed as a result of this relocation of the principal office. A service area map and a map showing the location of the service within the State of TN are provided as an attachment.

- **See Attachment Section B – Need 3 (1)**

Please complete the following tables, if applicable.

Service Area Counties	Historical Utilization-County Residents	% Total Procedures
Bedford	2	2%
Cannon	0	0
Cheatham	3	3.30%
Coffee	3	3.30%
Davidson	21	23%
DeKalb	1	1%
Dickson	1	1%
Franklin	3	3.30%
Giles	1	1%
Grundy	0	0%
Hickman	1	1%
Houston	0	0%
Humphreys	2	2%
Lawrence	1	1%
Lewis	0	0%
Lincoln	0	0%
Macon	2	2%
Marshall	1	1%
Maury	1	1%
Montgomery	7	7.70%
Moore	0	0%
Perry	0	0%
Putnam	0	0%
Robertson	2	2.20%
Rutherford	6	6.60%
Smith	0	0%
Sumner	7	7.60%
Trousdale	0	0.00%
Warren	0	0.00%
Wayne	1	1%
White	0	0.00%
Williamson	13	14.20%
Wilson	8	8.80%

Service Area Counties	Projected Utilization-County Residents	% Total Procedures
Bedford	1	0.90%
Cannon	0	0
Cheatham	3	2.80%
Coffee	3	2.80%
Davidson	25	23.80%
DeKalb	1	0.90%
Dickson	1	0.90%
Franklin	3	2.80%
Giles	1	0.90%
Grundy	0	0.00%
Hickman	1	0.90%
Houston	0	0.00%
Humphreys	2	1.90%
Lawrence	1	0.90%
Lewis	0	0.00%
Lincoln	0	0.00%
Macon	2	1.90%
Marshall	1	0.90%
Maury	2	1.90%
Montgomery	9	8.60%
Moore	0	0.00%
Perry	0	0.00%
Putnam	0	0.00%
Robertson	2	1.90%
Rutherford	8	7.60%
Smith	0	0.00%
Sumner	9	8.60%
Trousdale	1	0.90%
Warren	1	0.90%
Wayne	1	0.90%
White	0	0.00%
Williamson	16	15.20%
Wilson	10	9.50%

4.

- a. 1) Describe the demographics of the population to be served by the proposal.

The 33 county service area has a total population of 2,615,570 persons in 2016. By 2020 it is projected to increase by 6.40% to 2,782,031 persons. The applicant primarily services patients age 0-64. That group currently numbers 2,264,383. By 2020 it is projected to increase by 1.27% to 2,357,480 persons. That is .084% below state average of 2.11%.

The median income of service area households is \$43,727.00 which is 2.02% less than state average of \$44,621.00. The service area has a smaller portion of its population living in poverty 16.97% compared to the state of 17.80%. Similarly, it has 22.79% of its current population enrolled in TennCare compared to a higher statewide average of 24%.

- a. 2) Using the current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Please see Table 4 –Service area Demographics below.

This is also listed as

- Attachment Section B – Need 4 (A)(2)

Counties covered by TN CON	Total Population 2016	Total population 2020	Total population % of change	Target Population 2016	Target Population 2020	Target Population % of change	Target Population 2020 as % of total	Median Age	Median household income	person below poverty level	person below poverty level as % of total population-County	TennCare Enrollees	TennCare enrollees as % of total
Bedford	50,005	53,334	6.67%	42,381	44,637	4.71%	83.70%	36.50	\$40,989.00	1055.00	21.10%	13595.00	27.14%
Cannon	14,464	14,834	2.59%	11,697	11,651	-0.39%	78.52%	42.00	\$39,438.00	2617.00	18.10%	3260.00	22.54%
Cheatham	40,798	41,692	2.20%	34,867	34,517	-1.00%	84.60%	40.00	\$52,138.00	6160.00	15.10%	7917.00	19.40%
Coffee	55,932	57,865	3.45%	45,617	46,292	1.48%	80%	39.50	\$39,656.00	11913.00	21.30%	14270.00	25.51%
Davidson	680,427	714,756	5.00%	602,856	626,442	3.90%	87.64%	34.20	\$47,432.00	127920.00	18.80%	153988.00	22.63%
DeKalb	19,644	20,206	2.86%	15,872	15,820	-0.33%	78.30%	40.90	\$37,409.00	1100.00	19.70%	5584.00	28.42%
Dickson	53,684	56,210	4.70%	45,187	46,209	2.30%	86.10%	39.30	\$45,056.00	7784.00	14.50%	8368.00	21.77%
Franklin	42,097	42,681	1.39%	33,344	32,709	-1.90%	76.63%	41.40	\$42,633.00	6693.00	15.90%	8368.00	18.88%
Giles	29,743	29,817	0.25%	23,778	23,066	-2.99%	77.36%	42.50	\$38,739.00	5294.00	17.60%	6778.00	22.79%
Grundy	13,470	13,263	-1.54%	10,449	9,924	-5.00%	74.82%	42.40	\$55,896.00	942.00	7.00%	4957.00	36.80%
Hickman	25,351	27,363	3.84%	21,944	22,141	0.90%	80.12%	40.60	\$38,032.00	4765.00	18.80%	6558.00	24.89%
Houston	8,869	9,157	3.25%	7,015	7,023	0.11%	76.70%	41.50	\$38,637.00	1933.00	21.80%	2165.00	24.41%
Humphreys	18,987	19,185	1.04%	15,108	14,801	-2.03%	77.15%	42.10	\$41,152.00	3113.00	16.40%	4545.00	23.94%
Lawrence	43,164	43,849	1.59%	35,005	34,698	-0.88%	79.13%	40.00	\$37,371.00	8373.00	19.40%	11382.00	26.37%
Lewis	12,752	13,072	2.51%	10,149	10,022	-1.25%	76.67%	43.00	\$36,114.00	2524.00	19.80%	3139.00	24.61%
Lincoln	34,695	35,469	2.23%	27,970	27,814	-0.56%	80.76%	42.90	\$41,328.00	5655.00	16.30%	8030.00	23.14%
Macon	23,453	24,202	3.19%	19,430	19,546	0.60%	80.76%	39.60	\$34,156.00	4972.00	21.20%	7303.00	31.13%
Marshall	33,105	34,648	4.66%	27,694	28,082	1.44%	81.05%	39.80	\$41,822.00	5131.00	15.50%	7289.00	22.02%
Maury	88,337	92,944	5.21%	74,519	75,585	1.43%	81.32%	38.20	\$46,565.00	14222.00	16.10%	19750.00	22.36%
Montgomery	201,598	221,620	9.90%	183,073	199,133	8.77%	89.85%	30.20	\$50,693.00	32860.00	16.30%	36859.00	18.28%
Moore	6,795	7,056	3.84%	5,305	5,352	0.88%	75.85%	44.30	\$43,393.00	835.00	12.30%	889.00	13.08%
Perry	8,266	8,466	2.42%	6,359	6,309	-0.79%	74.52%	43.00	\$31,750.00	1967.00	23.80%	2208.00	26.71%
Putnam	79,658	84,087	5.56%	65,981	68,292	3.50%	81.21%	36.30	\$34,780.00	20073.00	25.20%	18304.00	22.98%
Robertson	73,796	78,659	6.50%	63,167	65,702	4.00%	83.56%	38.40	\$53,748.00	9076.00	12.30%	14531.00	19.69%
Rutherford	318,638	357,615	12.20%	293,348	317,157	8.11%	88.69%	32.80	\$55,096.00	42378.00	13.30%	52872.00	16.59%
Smith	20,207	20,833	3.10%	16,812	16,848	0.21%	80.87%	41.00	\$43,988.00	2061.00	15.90%	4621.00	22.87%
Sumner	178,730	190,261	6.45%	151,334	157,342	3.97%	82.70%	39.20	\$56,193.00	28418.00	10.20%	31191.00	17.45%
Trousdale	8,402	8,739	4.01%	7,047	7,151	1.47%	81.83%	39.50	\$37,211.00	1806.00	15.90%	2170.00	25.82%
Warren	40,872	41,446	1.40%	33,522	33,213	-0.92%	80.13%	39.50	\$34,592.00	8705.00	21.50%	11905.00	29.13%
Wayne	17,428	17,642	1.23%	14,174	14,066	-0.76%	79.73%	41.70	\$31,225.00	3851.00	20.56%	3584.00	20.56%
White	27,250	28,541	4.74%	21,618	21,790	0.80%	76.34%	41.70	\$33,933.00	6022.00	22.10%	7584.00	27.83%
Williamson	215,859	234,832	8.80%	188,610	199,994	6.00%	85.16%	38.70	\$81,743.00	12088.00	5.60%	12935.00	5.93%
Wilson	129,094	138,561	7.30%	109,161	114,150	4.57%	82.42%	39.80	\$60,095.00	13425.00	10.40%	20090.00	15.59%
Service area total	2,615,570	2,782,031	6.40%	2,264,383	2,357,480	1.27%	80.73%	39.78	\$43,727.00	405731.00	16.97%	516989.00	22.79%
State of TN total	6,812,005	7,108,031	4.35%	5,720,489	5,841,736	2.11%	82.18%	38.30	\$44,621.00	1212536.00	17.80%	1,551,984	24.45%

5. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service population.

WIRS will make its services available to all residents of its service area as it has historically. WIRS is a licensed Home Health Provider License # 0000000604. WIRS is contracted with a majority of national and regional payers to include managed Medicaid programs for TennCare participants. Further WIRS provides referral and reimbursement assistance to patients when needed. WIRS will service patients without regard to race, age, sex, ethnicity, religion or disability. WIRS services will be provided in patients' homes and as a result will be physically accessible by their nature. WIRS patients have access to support from nurses, dietitians and pharmacists 24hrs a day, seven days a week. WIRS is accessible to its referring sources for consultations and questions through phone, fax and email. We are not Medicare/Medicaid certified however we have relationships with Medicare/Medicaid home health agencies in the counties we serve to ensure care is provided for this patient population. WIRS is a National company that has been providing patient care for many years throughout the country including 33 counties in TN. WIRS has over 1400 clinicians to offer the highest quality of care throughout the country.

6. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This does not apply to projects that are solely relocating a service.

N/A as we are solely relocating

7. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

Vanderbilt HC / Walgreens IV & RT Services Historic and Projected Utilization 2013-2018						
	2013	2014	2015	2016*	2017*	2018*
Patients	99	426	200	307	319	332
Visits	596	1257	1308	1860	1934	2011

*Patients and visits represent forecasted estimates for 2016-2018.

PATIENTS: The patient growth rate from 2013 to 2014 was 425%, however due to an increase in the number of visits per patient, there was a reduction in the number of patients serviced from 2014 to 2015. Based on current census numbers and forecasted numbers in 2016 patient growth rate increased to 53%. However, based on anticipated growth of home infusion industry, the forecasted numbers of 2017 and 2018 reflect a 9% growth rate.

VISITS: As noted above, the estimated growth rate of 9% was used for expected visits for 2017 and 2018 based on estimated end of year 2016 visits.

(2) ECONOMIC FEASIBILITY

- Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
 - A. All projects should have a project cost of at least \$15,000 (the minimum CON filing fee).
 - B. The cost of any lease (building, land and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. This applies to all equipment leases including procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
 - C. The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which could be included under construction costs or incorporated into a facility lease.
 - D. Complete a square footage chart on page 8 and provide documentation. Please note the Total Construction Cost reported in line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.
 - E. For projects that include new construction, modification, and/or renovation – **documentation must be** provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:
 - **See Attachment Section B-2E**

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PROJECT COST CHART

SUPPLEMENTAL #2

December 30, 2016

10:41 am

A. Construction and equipment acquired by purchase:		
1. Architectural and Engineering Fees		<u>\$ 83,881</u>
2. Legal, Administrative (Excluding CON filing fee)		<u>N/A</u>
3. Acquisition of Site		<u>N/A</u>
4. Preparation of Site		<u>\$ 3,962</u>
5. Total Construction Costs (includes clean room)		<u>\$ 1,714,158</u>
6. Contingency Fund		<u>N/A</u>
7. Fixed Equipment (not included in Construction contract)		<u>\$ 114,229</u>
8. Moveable Equipment (List all equipment over \$50,000 as separate attachments)		<u>\$ 45,033</u>
9. Other (Specify) _____		<u>N/A</u>
B. Acquisition by gift, donation or lease:		
1. Facility (inclusive of building and land, lease through 4/30/22)		<u>\$ 1,884,262</u>
2. Building only		<u>N/A</u>
3. Land Only		<u>N/A</u>
4. Equipment (Specify) _____		<u>N/A</u>
5. Other (Specify) _____		<u>N/A</u>
C. Financing Costs and Fees:		
1. Interim Financing		<u>N/A</u>
2. Underwriting Costs		<u>N/A</u>
3. Reserve for One Year's Debt Service		<u>N/A</u>
4. Other (Specify) _____		<u>N/A</u>
D. Estimated Project Cost (A+B+C)		<u>\$ 3,845,525</u>
E. CON Filing Fee		<u>\$ 22,111</u>
F. Total Estimated Project Cost (D+E)	TOTAL	<u>\$ 3,867,636</u>

2. Identify the funding sources for this project.

Check the applicable item(s) and briefly summarize how the project will be financed. **(Documentation of the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility – 2)**

- ☐ A. Commercial loan – letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan and any restrictions or conditions.
- ☐ B. Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance.
- ☐ C. General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ D. Grants – Notification of intent form for grant application or notice of grant award.
- ☒ E. Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or

Please note this project was previously fully funded with available cash reserves – the money has already been spent.

The entity is not required to be audited and therefore audited financial statements are not available.

- ☐ F. Other – Identify and document funding from all other sources.

December 30, 2016

3. Complete Historical Data Charts on the following two pages – Do not modify the data provided or submit substitutions.

Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. Only complete one chart if it suffices.

HISTORICAL DATA CHART

X Total Facility

□ Project Only

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in September. (Month)

	Year 2014	Year 2015	Year 2016
A. Utilization data (Specify unit of measure: Visits)	1,257	1,308	1,860
B. Revenue from Services to Patients			
1. Inpatient Services	\$0	\$0	\$0
2. Outpatient Services	\$0	\$0	\$0
3. Emergency Services	\$0	\$0	\$0
Other Operating Revenue (Specify): Infusion Services	\$60,904,353	\$87,786,396	\$109,732,683
Gross Operating Revenue	\$60,904,353	\$87,786,396	\$109,732,683
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$46,709,443	\$67,772,114	\$85,489,873
2. Provision for Charity Care	\$0	\$0	\$0
3. Provisions for Bad Debt	\$824,620	\$1,000,686	\$1,037,533
Total Deductions	\$47,534,063	\$68,772,800	\$86,527,406
NET OPERATING REVENUE	\$13,370,290	\$19,013,596	\$23,205,277
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care	\$1,376,377	\$1,782,780	\$2,372,310
b. Non-Patient Care	\$1,595,337	\$1,645,844	\$2,276,993
2. Physician Salaries and Wages	\$0	\$0	\$0
3. Supplies (includes cost of drug and other COGS)	\$8,154,945	\$12,945,023	\$15,704,633
4. Rent			
a. Paid to Affiliates	\$0	\$0	\$0
b. Paid to Non-Affiliates	\$176,854	\$184,960	\$318,566
5. Management Fees			
a. Paid to Affiliates	\$196,285	\$180,000	\$217,942
b. Paid to Non-Affiliates	\$0	\$0	\$0
6. Other Operating Expenses	\$755,544	\$1,307,307	\$778,539
Total Operating Expenses	\$12,255,342	\$18,045,914	\$21,668,983
E. Earnings Before Interest, Taxes and Depreciation	\$1,114,948	\$967,682	\$1,536,294
F. Non-Operating Expenses			
1. Taxes	\$0	\$0	\$130,000
2. Depreciation	\$60,368	\$45,849	\$122,356
3. Interest	\$0	\$0	\$0
4. Other Non-Operating Expenses	\$8,994	(\$320)	\$1,673
Total Non-Operating Expenses	\$69,362	\$45,529	\$254,029
NET INCOME (LOSS)	\$1,045,586	\$922,153	\$1,282,265
G. Other Deductions			
1. Annual Principal Debt Repayment	\$0	\$0	\$0
2. Annual Capital Expenditure	\$0	\$105,063	\$2,002,064
Total Other Deductions	\$0	\$105,063	\$2,002,064
NET BALANCE	\$1,045,586	\$817,090	(\$719,799)
DEPRECIATION	\$60,368	\$45,849	\$122,356
FREE CASH FLOW (Net Balance + Depreciation)	\$1,105,954	\$862,939	(\$597,443)

December 30, 2016**HISTORICAL DATA CHART – OTHER EXPENSES 10:41 am**

X Total Facility
 □ Project Only

OTHER EXPENSE CATEGORIES	Year 2014	Year 2015	Year 2016
1. Professional Services Contract	\$26,877	\$251,941	\$176,295
2. Contract Labor	\$209,591	\$342,085	\$100,543
3. Imaging Interpretation Fee	\$0	\$0	\$0
4. Other Expenses	\$519,077	\$713,281	\$501,701
Total Other Expenses	\$755,545	\$1,307,307	\$778,539

4. Complete Projected Data Charts on the following two pages.

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the Proposal Only. The second Chart should reflect information for the total facility. Only complete one chart if it suffices.

PROJECTED DATA CHART

☒ Total Facility

☐ Project Only

Give information for the last two (2) years following the completion of this proposal. The fiscal year begins in January. (Month)

	Year 2017	Year 2018
A. Utilization data (Specify unit of measure: Visits)	1,934	2,011
B. Revenue from Services to Patients		
1. Inpatient Services	\$0	\$0
2. Outpatient Services	\$0	\$0
3. Emergency Services	\$0	\$0
4. Other Operating Revenue (Specify) Infusion Services	\$115,219,317	\$120,980,283
Gross Operating Revenue	\$115,219,317	\$120,980,283
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$89,764,367	\$94,252,585
2. Provision for Charity Care	\$0	\$0
3. Provisions for Bad Debt	\$1,089,410	\$1,143,881
Total Deductions	\$90,853,777	\$95,396,466
NET OPERATING REVENUE	\$24,365,540	\$25,583,817
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	\$2,490,926	\$2,615,472
b. Non-Patient Care	\$2,345,303	\$2,415,662
2. Physician Salaries and Wages	\$0	\$0
3. Supplies (includes drug cost and other COGS)	\$16,489,865	\$17,314,358
4. Rent		
a. Paid to Affiliates	\$0	\$0
b. Paid to Non-Affiliates	\$318,566	\$318,566
5. Management Fees		
a. Paid to Affiliates	\$300,000	\$300,000
b. Paid to Non-Affiliates	\$0	\$0
6. Other Operating Expenses	\$778,539	\$778,539
Total Operating Expenses	\$22,723,199	\$23,742,597
E. Earnings Before Interest, Taxes and Depreciation	\$1,642,341	\$1,841,220
F. Non-Operating Expenses		
1. Taxes	\$145,600	\$163,072
2. Depreciation	\$386,472	\$386,472
3. Interest	\$0	\$0
4. Other Non-Operating Expenses	\$1,673	\$1,673
Total Non-Operating Expenses	\$533,745	\$551,217
NET INCOME (LOSS)	\$1,108,596	\$1,290,003
G. Other Deductions		
1. Annual Principal Debt Repayment	\$0	\$0
2. Annual Capital Expenditure	\$386,472	\$386,472
Total Other Deductions	\$386,472	\$386,472
NET BALANCE	\$722,124	\$903,531
DEPRECIATION	\$386,472	\$386,472
FREE CASH FLOW (Net Balance + Depreciation)	\$1,108,596	\$1,290,003

PROJECTED DATA CHART – OTHER EXPENSES

December 23, 2016

1:25 pm

X Total Facility
☐ Project Only

OTHER EXPENSE CATEGORIES	Year 2017	Year 2018
1. Professional Services Contract	\$176,295	\$176,295
2. Contract Labor	\$100,543	\$100,543
3. Imaging Interpretation Fees	\$0	\$0
4. Other Expenses	\$501,701	\$501,701
Total Other Expenses	\$778,539	\$778,539

5. A. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the project. Please complete the following table.

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge (Gross Operating Revenue / Utilization Data - Visits)	\$67,115	\$58,996	\$59,578	\$60,159	2.0%
Deductions from Revenue (Total Deductions / Utilization Data - Visits)	\$52,579	\$46,520	\$46,977	\$47,437	2.0%
Average Net Charge (Net Operating Revenue / Utilization Data - Visits)	\$14,536	\$12,475	\$12,599	\$12,722	2.0%

B. Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

Charges for the project are expected to remain consistent with expectations as there is no impact to payer rates.

C. Compare the proposed charges to those of similar facilities in the service area/adjoining service area, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Charges are compared to and consistent with our overall business, which has operations across the United States

6. A. Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principle parties that will be a source of funding for the project.

B. Net Operating Margin Ratio – Demonstrates how much revenue is left over after all of the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2 nd Year previous to Current Year	1 st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	8.3%	5.1%	6.6%	7.1%	7.5%

C. Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt / (Long-term debt / Total Equity (Net Assets)) X 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

7. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare / Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

Applicant's Projected Payor Mix, Year 1

Payor Source	Projected Gross Operating Revenue	As a % of Total
Medicare/Medicare Managed Care	\$34,565,795	30.0%
TennCare / Medicaid	\$12,098,028	10.5%
Commercial / Other Managed Care	\$67,288,082	58.4%
Self-Pay	\$1,267,412	1.1%
Charity Care	\$0	0%
Other (Specify)	\$0	0%
Total	\$115,219,317	100%

8. Provide the projected staffing for the project year in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. The can be reports using full-time equivalents (FTE) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

Position Classification	Existing FTEs (2016)	Projected FTEs year 1	Average Wage (Contractual Rate)	Area Wide / Statewide Prevailing Wage
Direct Care Positions				
Delivery	3.00	3.00		\$ 29,224
Dietician	2.60	2.60		\$ 76,298
Nurse	3.20	3.20		\$ 68,434
Pharm Tech	10.50	10.50		\$ 33,260
Pharmacist	5.75	5.75		\$ 122,867
Total Direct Care Positions	25.05	25.05		
Non-Patient Care Positions				
Administrative	3.00	3.00		\$ 85,169
Intake	11.25	11.25		\$ 38,329
Clinical Liaison	6.00	6.00		\$ 68,699
Nurse Manager	3.00	3.00		\$ 85,957
Pharmacy Manager	2.00	2.00		\$ 87,809
Account Manager	2.00	2.00		\$ 77,304
Warehouse/Delivery	3.00	3.00		\$ 43,023
Total Non-Patient Care Positions	30.25	30.25		
Total Employees (A+B)	55.30			
Contractual Staff	0			
Total Staff (A+B+C)	55.30			

9. Describe all alternatives to the project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

- A. Discuss the availability of least costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practical, justify why not, including reasons as to why they were rejected.

Alternative methods included renovation of the existing principal location and expansion of the existing principal location. Due to the joint relationship with WIRS, the facilities currently occupied were no longer sufficient to support the pharmacy business. Expansion was not a possibility due to a lack of available space to either side of the current business in the occupied building. Renovations were not an option due to the extended amount of time that the pharmacy would need to be inoperable, and the amount of financial loss that would be incurred by the business with that option. Therefore, the least costly alternative that would meet the needs of both the nursing and pharmacy businesses was to relocate and renovate a newly leased space.

- B. Document that consideration has been given to alternatives to new construction.

The new leased space will incorporate both modernization and shared arrangements with WIRS for both pharmacy and nursing services. The pharmacy business will incorporate state of the art sterile compounding equipment and standards of practice to increase the volume capacity of the business. Nursing will adopt new, faster computer technologies that will assist in scheduling, documenting, and billing for nursing services.

(3) QUALITY MEASURES

The applicant verifies that we will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. ss68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov.gov/health/topic/health-planning>). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

1. The purpose of the State Health Plan is to improve the health of the people of Tennessee.

The timely provision of appropriate, clinical expert services to home health patients is essential to support an uninterrupted continuity of care and to avoid patient deterioration and/or re-hospitalization. This project will allow nursing services to continue to provide home nursing care for patients with chronic and complex conditions requiring extended dosing times that will not be serviced by other home health providers in this service area.

2. People in Tennessee should have access to health care and the conditions to achieve optimal health.

The continued availability of this highly specialized home health provider in its current service areas will continue to improve patient access to needed home care services.

3. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.

The project will continue to bring to the service area a continued option for the care of complex cases, both pediatric and adult. This project will continue to provide expanded access to low-income and indigent care for complex patients.

4. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.

The applicant is currently licensed through The Department of Health and is accredited by the Accreditation Commission for Health Care (ACHC).

5. The state should support the development, recruitment and retention of a sufficient and quality health workforce.

The principal location will continue to support the development, recruitment, and retention of its healthcare workforce. This nursing operation offers a full range of medical, financial, and personal benefits; including but not limited to medical and dental insurance, long-term disability insurance, life insurance, retirement planning and investment option, and employee assistance programs for legal, and psychiatric referrals. Additionally, this nursing operation will offer professional training and credentialing assistance for qualified employees.

(4) CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (i.e. Hospitals, nursing homes, home care organizations, etc.) managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as transfer agreements, contractual agreements for health services.

Walgreens has a Joint Venture with Vanderbilt Hospital and its outlying facilities whereby care is jointly coordinated in order to provide infusion services to patients in the home. We have contractual agreements with the following home health agencies: Tennova Home Health, Camellia Home Health, Suncrest Home Health in Winchester, Amotec Home Health and NHC HomeCare. The applicant coordinates nursing services with these agencies intermittently as needed. Additionally, we have managed care contracts with Amerigroup, TennCare Select and UHC Community.

2. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project

A. Positive Effects:

This project is to relocate the principal administrative office only not to change the service area.

B. Negative Effects:

This project will have no negative effect on the healthcare system. Our service area will remain in the same 33 counties where we currently hold a CON. The majority of the services we provide is home infusion and is not in direct competition to other home health agencies.

3. A. Discuss the Availability of and Accessibility of human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies; such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

WIRS has been able to appropriately staff the existing principal office. The proposed change of its location will not impact the ability to continue to staff appropriately. The clinical staffing matrix is not attributable to relocation of the principal office address. There are no issues with ongoing recruitment. WIRS is very aware of state agency requirements for staffing and operating home health agencies and upholds those requirements.

B. The applicant verifies that we have reviewed and understand all licensing and/or certification as required by the State of Tennessee and/or the Accreditation Commission for Health Care (ACHC), the applicants accrediting agency. These include without limitation, regulations concerning clinical leadership and supervision, quality assurance policies and programs, utilization review, policies and procedures, clinical programs, record keeping, clinical staffing requirements, and staff education.

C. Discuss the applicant's participation in training of students in the areas of medicine, nursing, social work etc. (e.g., internships, residencies, etc.). **N/A**

4. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification and/or accreditation.

WIRS verifies that we have reviewed and understand the licensure and accreditation requirements.

Licensure: Board for Licensing Health Care Facilities, State of Tennessee Department of Health as a Home Care Organization.

Certification: N/A

Accreditation: Accreditation Commission for Health Care (ACHC)

- A. If an existing institution, describe the current standing with any licensing, certifying or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

Licensure: Board for Licensing Health Care Facilities, State of Tennessee Department of Health as a Home Care Organization – Active Status, Good Standing.

- **See Attachment Section B-4. A. 1**

Certification: N/A

Accreditation: Accreditation Commission for Health Care (ACHC) – Active Status, in good standing as a Pharmacy, Ambulatory Infusion Center, Infusion Nursing Services, Infusion Pharmacy Services, including Sterile Compounding, Ref. USP <797>.

- **See Attachment Section B-4. A. 2**

- B. For existing providers, please provide a copy of the most recent statement of deficiencies / plan of correction and document that all deficiencies have been corrected by providing a letter from the appropriate agency.

Licensure:

- **See Attachment Section B-4. B. 1**

Certification: N/A

Accreditation:

- **See Attachment Section B-4. B. 2**

5. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

- B. Has any of the following:

- 1) Any person(s) or entity with more than 5% ownership, (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant):

Vanderbilt Health Services, LLC	50%
Option Care Enterprises, Inc.	50%

- 2) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%;

Vanderbilt Health Services, LLC	50%
Option Care Enterprises, Inc.	50%

- 3) Any physician or other provider of health care, or administrator employed by an entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership of more than 5%: **N/A**

C. Been subjected to any of the following:

- 1) Final Order or judgement in a state licensure action:

Yes

- **See Attachment Section B-5. B. 1**

- 2) Criminal fines in cases involving a Federal or State health care offense: **No**

- 3) Civil monetary penalties in cases involving a Federal or State health care offense: **No**

- 4) Administrative monetary penalties in cases involving a Federal or State health care offense:

Yes

- **See Attachment Section B-5. B. 1**

- 5) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services: **No**

- 6) Suspension or termination of participation in Medicare or Medicaid / TennCare programs: **No**

- 7) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware: **No**

- 8) Is presently subject to a corporate integrity agreement: **No**

6. Outstanding Projects

- A. Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

Outstanding Projects					
CON Number	Project Name	Date Approved	Annual Progress Reports		Expiration Date
			Due Date	Date Filed	
N/A	N/A	N/A	N/A	N/A	N/A

- B. Provide a brief description of the current progress, and status of each applicable outstanding CON: **N/A**

7. Equipment Registry – For the applicant and all entities in common ownership with the applicant.

- A. Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)? **No**

- B. If yes, have you submitted their registration to HSDA? **N/A**

- C. If yes, have you submitted your utilization to Health Services and Development Agency? **N/A**

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of publication as proof of the publication of the letter of intent.

SEE ATTACHMENT – PROOF OF PUBLICATION - RON

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction): N/A

DEVELOPMENT SCHEDULE

T.C.A ss68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that they Agency may, in granting the Certificate of Need, allow longer periods if the validity for Certificates of Need for Good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the "good cause" for such an extension. **N/A**

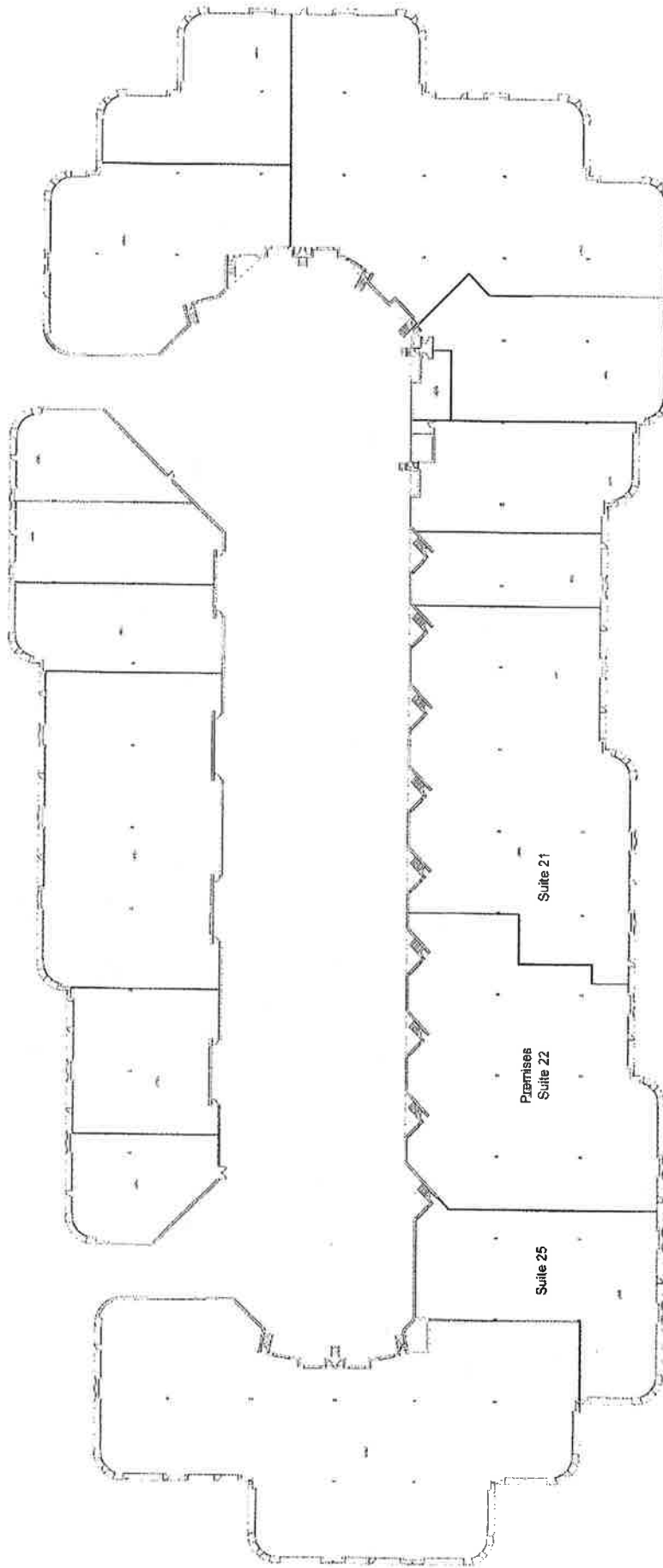
PROJECT COMPLETION FORECAST CHART

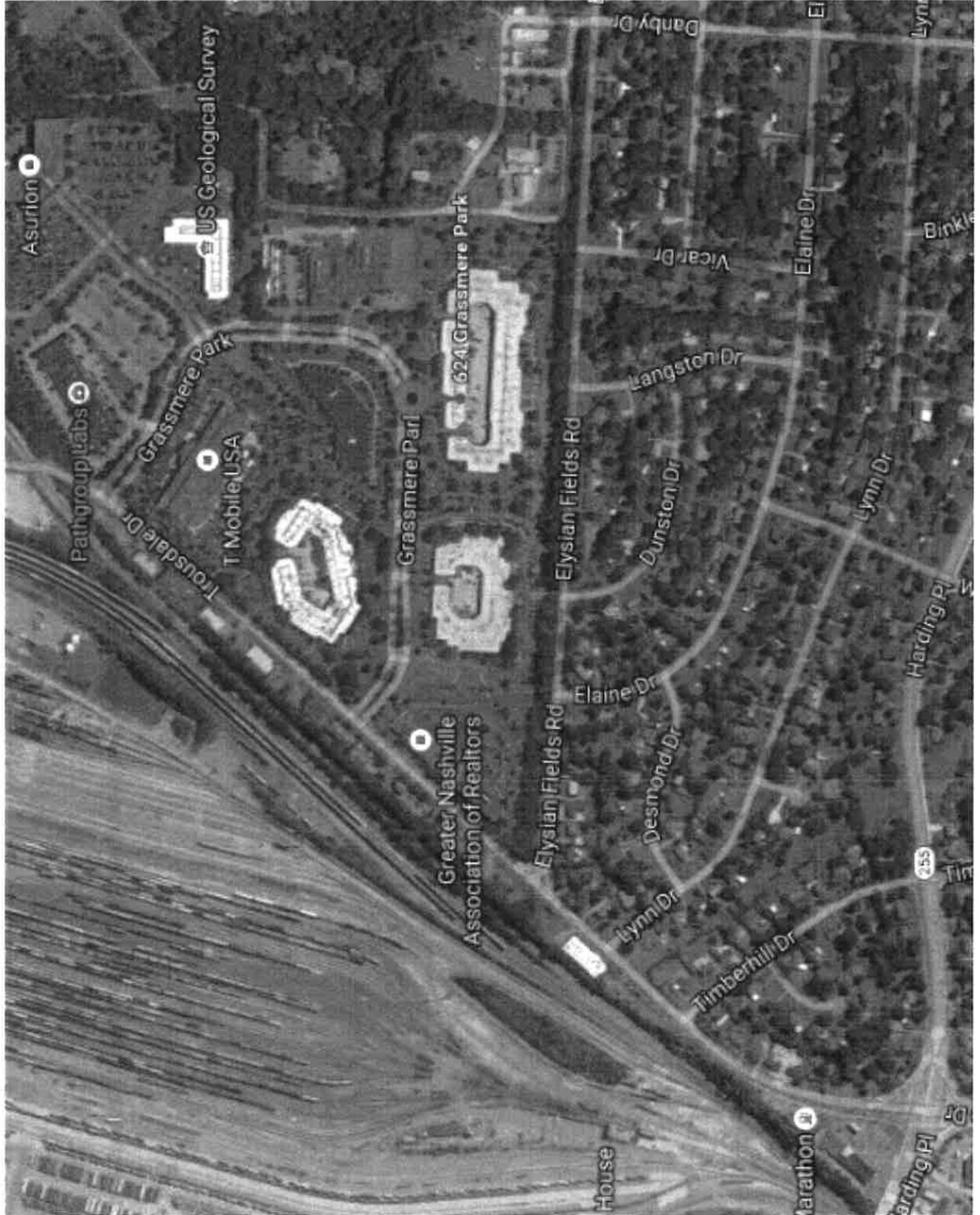
Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in item 1. Below, indicate the number of days from the HSDA date to each phase of the completion forecast.

<u>Phase</u>	<u>Days Required</u>	<u>Anticipated Date (Month/Year)</u>
1. Initial HSDA decision		02/15/17
2. Architectural and engineering contract signed		Completed
3. Construction documents approved by the Tennessee Dept. of Health		Completed
4. Construction contract signed		Completed
5. Building permit secured		Completed
6. Site preparation completed		Completed
7. Building construction commenced		Completed
8. Construction 40% complete		Completed
9. Construction 80% complete		Completed
10. Construction 100% complete, approved for occupancy		Completed
11. Issuance of license		03/01/2017
12. Issuance of service		03/03/2017
13. Final Architectural Certification of Payment		Completed
14. Final Project Report Form submitted (form HR0055)		04/01/2017

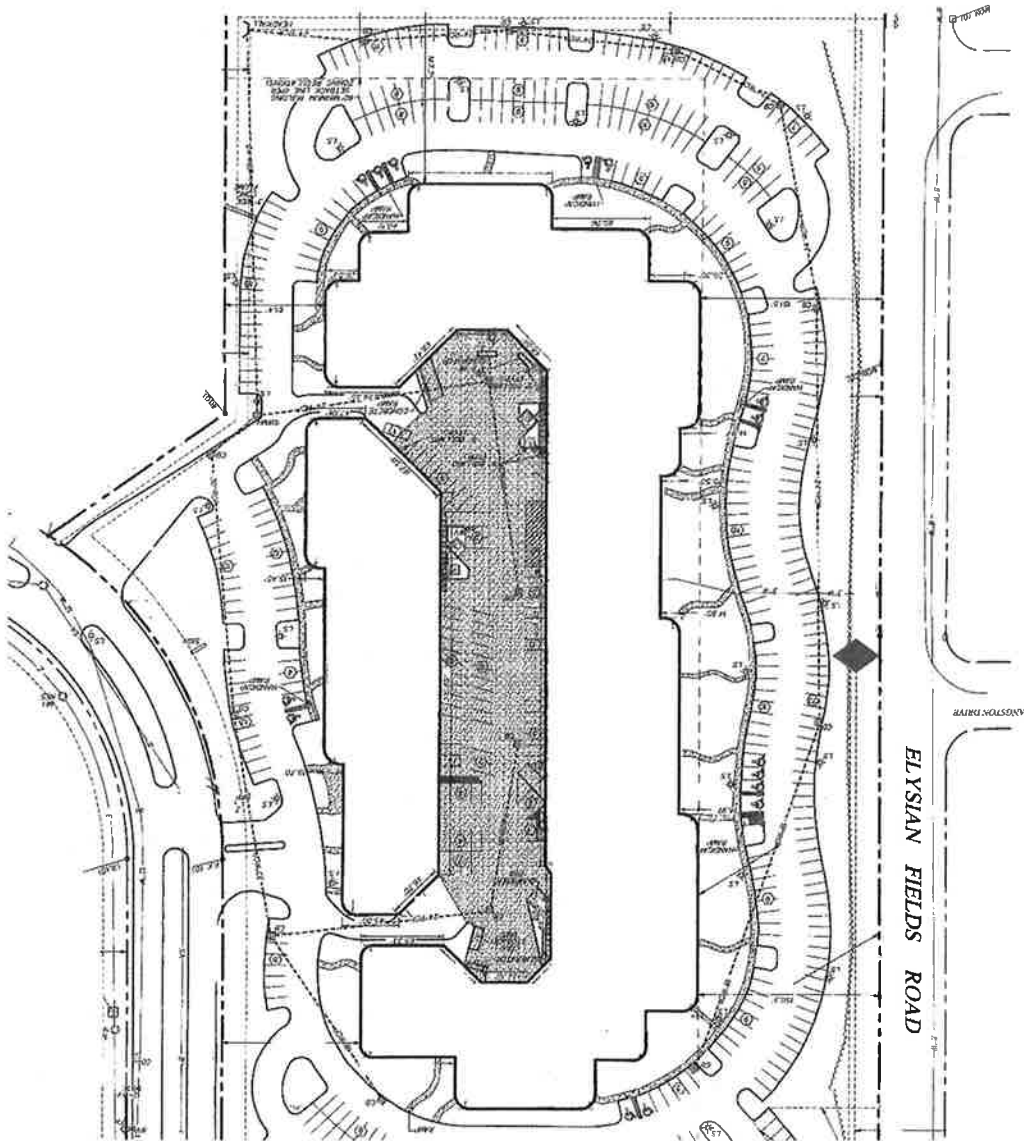
For projects that DO NOT involve construction or renovation complete items 11 & 12 only.

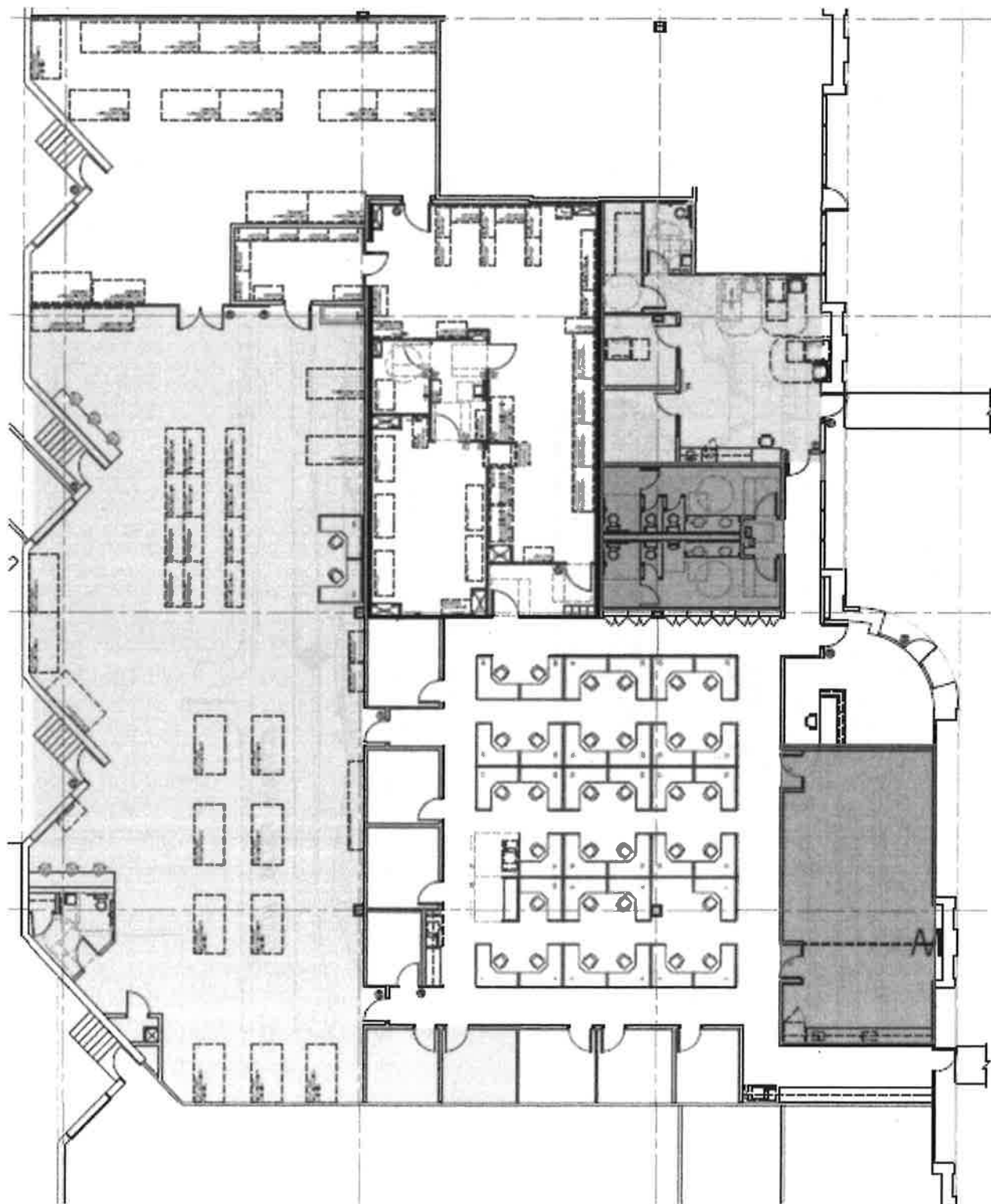
Exhibit D





Plot Size = 13.34+/- Acres





Home Health Patient Care Areas
Infusion Pharmacy Areas
Warehouse Areas
Community Areas



option
care™

Nashville

624 Grassmere Park Drive, Suite 22, Nashville, TN 37211

February 25, 2016

Scale: Not to scale

LKDG Proj. No. 15094



architecture • planning • interiors

16010 Via Shavano

San Antonio, Texas 78249

[tel] 210-824-8825

[fax] 210-824-4150

M E M O R A N D U M

Date: December 2, 2016

To: Kay Clabault
Sr. Project Manager
Option Care
Corporate Facilities & Real Estate

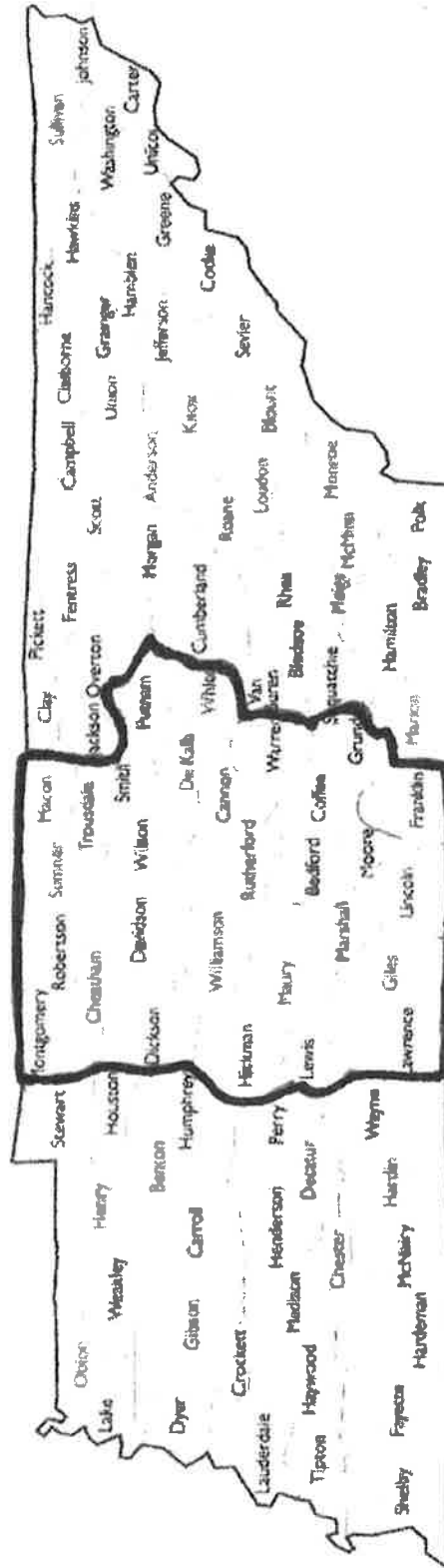
From: Wade Harris
LK Design Group

RE: Option Care – Nashville Project Information

- A general description of the project;
 - Project consists of tenant finish out of existing flex space for the occupancy of office space, compounding clean room, infusion suite and warehouse space.
- An Estimate of the cost of construction project;
 - \$1,714,158.00
- A description of the status of the site's suitability for the proposed project;
 - Site was provided to LK Design Group for the express interest of occupation. LK Design Group was not part of the determination of the site suitability decision.
- Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority;
 - The scope of work provided by LK Design Group was performed by a licensed AIA architect state the state of Tennessee, was designed to meet criteria provided by Option Care and to meet International Building Codes, local design codes and addendum.

End of Memorandum

County Level Map



Board for Licensing Health Care Facilities



State of

Tennessee

License No. 0000000604

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to

WALGREENS INFUSION AND RESPIRATORY SERVICES, LLC *to conduct and maintain a*

Home Care Organization

VANDERBILT HC AFFILIATED WWALGREENS IV & RT SERVICES

Located at

500 WILSON PIKE CIRCLE, SUITE 115, BRENTWOOD

County of

WILLIAMSON

, Tennessee.

This license shall expire AUGUST 01 2017, *and is subject*
to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable,
and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the
laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.

In Witness Whereof, we have hereunto set our hand and seal of the State this 6TH *day of* JULY, 2016.

HOME HEALTH AGENCY
OTHER SPECIALTY

In the District Category(ies) of:



By James J. Davis, MPH
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By M. J. Dyer
COMMISSIONER

Table 4: Walgreens Healthcare Services
Demographic Characteristics of Service Area 2015-2020

Attachment Section B – Need 4 (A)(2)

Countries covered by	Total Population 2016	Total Population 2020	Total Population % of change	Target Population 2016	Target Population 2020	Target Population % of change	Target Population % of 2020 as % of total	Median Age	Median Household Income	person below poverty level	person below poverty level as % of total population-county	TempCare Enrollees	TempCare enrollees as % of total
TN CON	50,005	53,334	6.67%	43,381	44,637	4.71%	83.70%	36.50	\$40,989.00	1055.00	21.10%	13593.00	27.14%
Bedford	14,464	14,834	2.59%	11,697	11,511	-0.39%	78.52%	42.00	\$39,438.00	2617.00	18.10%	7917.00	22.34%
Cannon	40,988	41,692	1.72%	34,467	34,517	0.15%	84.60%	40.00	\$52,138.00	6160.00	15.10%	3210.00	19.40%
Chestham	55,932	57,865	3.43%	45,617	46,292	1.48%	80%	39.50	\$39,656.00	11313.00	21.30%	14270.00	25.51%
Coffee	680,027	714,756	5.05%	602,856	626,442	3.90%	87.64%	34.20	\$47,432.00	127920.00	18.80%	153988.00	26.63%
Davidsom	18,444	20,206	9.56%	15,972	15,820	-0.95%	76.30%	49.90	\$37,409.00	1100.00	19.70%	5584.00	28.42%
Dickson	53,684	56,210	4.70%	45,187	46,209	2.30%	86.10%	39.30	\$45,056.00	7784.00	14.50%	8368.00	21.77%
Franklin	42,681	42,681	0.00%	33,344	32,709	-1.93%	76.63%	41.40	\$42,633.00	6693.00	15.90%	8868.00	18.88%
Giles	25,743	29,217	13.48%	23,778	23,066	-2.95%	77.36%	42.50	\$38,739.00	5294.00	12.40%	6778.00	22.79%
Grundy	13,470	13,463	-0.05%	10,449	9,924	-5.00%	74.82%	42.40	\$55,896.00	942.00	7.00%	4957.00	36.80%
Hickman	25,351	27,363	7.93%	21,944	22,141	0.90%	80.12%	40.60	\$38,032.00	1923.00	21.60%	2165.00	24.41%
Houston	8,869	9,157	3.25%	7,015	7,023	0.11%	76.70%	41.50	\$38,637.00	1923.00	16.40%	4545.00	23.94%
Humphreys	18,987	19,185	1.04%	15,108	14,801	-2.03%	77.15%	43.00	\$37,371.00	3113.00	15.40%	11382.00	26.37%
Lawrence	43,164	43,849	1.59%	35,005	34,698	-0.88%	79.13%	40.00	\$36,114.00	2324.00	19.80%	3139.00	24.61%
Lincoln	34,695	35,469	2.23%	27,970	27,814	-0.56%	80.76%	42.90	\$41,328.00	5653.00	21.20%	7903.00	31.13%
Madison	23,453	24,202	3.19%	19,430	19,546	0.60%	83.85%	39.60	\$39,136.00	4972.00	12.30%	18304.00	22.98%
Marshall	33,105	34,648	4.65%	27,684	28,042	1.31%	81.34%	38.20	\$41,822.00	5131.00	15.00%	7289.00	22.02%
Maury	88,337	92,944	5.21%	74,519	75,585	1.43%	84.69%	39.80	\$40,565.00	14221.00	16.30%	36659.00	22.36%
Montgomery	201,598	221,620	9.90%	183,073	195,133	6.56%	87.7%	30.20	\$50,693.00	32860.00	12.80%	889.00	18.28%
Moore	6,795	7,056	3.84%	5,305	5,352	0.88%	78.85%	42.50	\$43,393.00	835.00	12.30%	2208.00	26.71%
Perry	8,265	8,466	2.42%	6,359	6,509	2.36%	74.53%	45.00	\$31,750.00	1957.00	23.60%	18304.00	22.98%
Putnam	79,658	84,087	5.56%	65,981	68,292	3.50%	81.21%	36.50	\$54,780.00	20073.00	25.20%	14531.00	19.69%
Robertson	73,796	78,659	6.59%	63,167	65,702	4.00%	83.56%	38.40	\$53,748.00	9076.00	12.30%	52872.00	26.59%
Rutherford	318,638	357,615	12.20%	289,348	317,157	9.61%	88.69%	41.00	\$55,096.00	42376.00	13.30%	4621.00	22.87%
Smith	20,207	20,833	3.10%	16,812	16,848	0.21%	80.87%	39.20	\$56,193.00	2061.00	10.20%	31191.00	17.45%
Sumner	178,730	190,261	6.45%	151,334	157,342	3.97%	82.70%	39.50	\$37,211.00	1806.00	15.90%	2170.00	25.92%
Trousdale	8,402	8,739	4.01%	7,047	7,151	1.47%	81.83%	39.50	\$34,592.00	8705.00	20.56%	3584.00	20.86%
Warren	40,872	41,446	1.40%	33,522	33,213	-0.92%	80.13%	41.70	\$31,225.00	3851.00	22.10%	7584.00	27.83%
Wayne	17,428	17,642	1.29%	14,174	14,086	-0.62%	76.34%	41.70	\$43,933.00	6022.00	5.60%	13935.00	5.93%
White	27,250	28,541	4.74%	21,618	21,790	0.80%	85.16%	38.70	\$61,743.00	12086.00	10.40%	20690.00	15.59%
Williamson	215,859	234,832	8.80%	186,610	199,994	7.19%	82.42%	39.80	\$60,095.00	13425.00	16.97%	51689.00	22.79%
Wilson	129,094	138,551	7.35%	109,161	114,150	4.57%	80.75%	39.78	\$43,727.00	40573.00	17.80%	1,551,984	24.45%
Service area total	2,615,570	2,782,805	6.40%	2,264,383	2,357,48	1.27%	82.18%	38.30	\$44,621.00	1212536.00			
State of TN total	6,812,005	7,108,031	4.35%	5,641,736	5,641,736	2.11%							

CERTIFICATE of ACCREDITATION



THE ACCREDITATION COMMISSION FOR HEALTH CARE CERTIFIES THAT:

Walgreens Infusion and Respiratory Services, LLC
d/b/a Vanderbilt HC affiliated w/Walgreens IV & RT
BRENTWOOD, TENNESSEE

HAS DEMONSTRATED A COMMITMENT TO PROVIDING QUALITY CARE AND SERVICES TO CONSUMERS
THROUGH COMPLIANCE WITH ACHC'S NATIONALLY RECOGNIZED STANDARDS FOR
ACCREDITATION AND IS THEREFORE GRANTED ACCREDITATION FOR THE FOLLOWING:

DMEPOS

Home/Durable Medical Equipment Services

FROM *April 15, 2014* THROUGH *April 14, 2017*




CHIEF EXECUTIVE OFFICER


CHAIRMAN OF THE BOARD OF COMMISSIONERS

ACCREDITATION COMMISSION for HEALTH CARE



STATE OF TENNESSEE
DEPARTMENT OF HEALTH
WEST TENNESSEE HEALTH CARE FACILITIES
2975 C HIGHWAY 45 BYPASS
JACKSON, TENNESSEE 38305-3608

June 18, 2015

Julie Koenig
Walgreens-Optioncare Inc.
500 Wilson Pike Circle, Ste 115
Brentwood, TN 37027

RE: Licensure Survey

Dear Ms. Koenig:

We are pleased to advise you that no deficiencies were cited as a result of the licensure survey completed at your facility on June 15, 2015. The attached form is for your file.

If this office may be of any assistance to you, please do not hesitate to call (731) 984-9684.

Sincerely,

P. Diane Carter, PHNC 2

P. Diane Carter, RN, LNCC
Public Health Nurse Consultant 2

PDC/pb *pb*

Enclosure: State Form 2567

PRINTED: 06/17/2015
FORM APPROVED

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNHL025	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____	(X3) DATE SURVEY COMPLETED 06/15/2015
NAME OF PROVIDER OR SUPPLIER WALGREENS-OPTIONCARE INC		STREET ADDRESS, CITY, STATE, ZIP CODE 500 WILSON CIRCLE, SUITE 115 BRENTWOOD, TN 37027		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
H 002	1200-8-26 No Deficiencies. This Rule is met as evidenced by: An annual Licensure survey was conducted on 6/15/15. The agency was found to be in compliance with state regulations. No deficiencies were cited.	H 002		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

STATE FORM

0509

T18L11

If continuation sheet 1 of 1



Plan of Correction

Attachment Section B. 4.B.2

Organization:

Walgreens Infusion and Respiratory Services, LLC DBA Vanderbilt HC affiliated with Walgreens IV & RT

Date of Survey:

9/1/2011

Surveyor: Susan Wozniak

Services Reviewed:

AIC, CRCS, HME

This plan of correction is submitted in response to the Accreditation Review conducted of our organization. Listed below is every item noted as deficient on the Summary of Findings Report. With regard to every item we have either: (1) certified that the violation was corrected, including a description of how it was corrected and the date of correction; or (2) indicated that the violation was not yet corrected, but have described what corrective measures are planned, and the date by which such measures will be completed.

For corrective action measures that require chart audits, please be sure to include both the percentage of charts to be audited and the frequency of the audit. Organizations should audit a minimum of 10 records or 10% of daily census whichever is greater. DMEPOS should audit a minimum of 10 records or 10% of any active client/patient records.

STANDARD	CRITERION	PLAN OF CORRECTION	Date of Compliance	INDIVIDUAL RESPONSIBLE FOR MAKING CORRECTION	PROCESS FOR CONTINUED COMPLIANCE	Compliance Yes/No	ACHC Internal Use Only Comments
DRX4-2A		As of 9/1/2011, all new hire candidates will have at a minimum 2 reference checks complete and documented for placement in employee file prior to hire.	1-Sep-11	Office Manager/General Manager	All new hire employee files will be audited with in 90 days to ensure all required documentation is contained with in the files, including two reference checks prior to hire, with expected results of 100% compliance.		
DRX4-9B		Best Practice Recommendation: Nurse Manager has become a member of the Infusion Nursing Society (INS). Walgreens will continue to encourage/support the nurse manager to participate in local and national organizations and pursue specialized nursing certifications moving forward.	28-Sep-11	Walgreens Regional Management/General Manager	Ensure nurse manager is supported and recommended to continue to expand and explore affiliations, organizations, and specialized certification throughout duration of employment. Nurse Manager will work with the field nursing team to pursue the same opportunities. This will be reviewed regularly moving forward with all nurses employed by the branch.		

BEFORE THE TENNESSEE STATE BOARD OF PHARMACY**IN THE MATTER OF:****VANDERBILT HC/WALGREENS IV & RT
SERVICES,****RESPONDENT.**)
)
)
)
)
)
)**CASE NO. 2014001571****CONSENT ORDER**

Comes now, the Division of Health Related Boards of the Tennessee Department of Health (State), by and through the Office of General Counsel, and Respondent, Vanderbilt HC/Walgreens IV & RT Services (Respondent) and respectfully moves the Tennessee Board of Pharmacy (Board) for approval of this Consent Order affecting Respondent's pharmacy license in the State of Tennessee.

I. AUTHORITY AND JURISDICTION

The Board regulates and supervises pharmacies, pharmacists, pharmacy technicians, and pharmaceutical manufacturers, wholesalers, and distributors licensed to practice pursuant to the Tennessee Pharmacy Practice Act (Practice Act), Tennessee Code Annotated Section (TCA) § 63-10-101, *et seq.*, including the discipline of licenses, as well as those who are required to be licensed, who violate the Practice Act and the rules promulgated by the Board, Official Compilation of Rules and Regulations of the State of Tennessee (Tenn. Comp. R. & Regs.), 1140-01-.01, *et seq.* The Board enforces the Practice Act to promote and protect the health, safety and welfare of the public; accordingly, it is the policy of the Board to require strict compliance with the law and to apply the law to preserve the quality of pharmacy care provided in Tennessee.

II. STIPULATIONS OF FACT

1. Respondent owns and operates a compounding pharmacy located at 500 Wilson Pike Circle, Suite 115, Brentwood, Tennessee, (Pharmacy). Pharmacy holds a pharmacy license issued by the Board (ID Number 0000003433).
2. Prior to April 7, 2015, Pharmacy was jointly owned through a joint venture with Option Care Enterprises, Inc. (OCE) and Vanderbilt Health Services, Inc. (VHS). At this time, OCE was a wholly-owned subsidiary of Walgreens Infusion Services (WIS), a division of Walgreen Co. (Walgreens). Effective April 7, 2015, Walgreens sold its controlling interest in WIS to new owners, and the resultant new company was renamed Option Care Enterprises, Inc. (Option Care). As a result of such sale, the new owners now hold a controlling interest in Option Care with Vanderbilt Health Services, Inc. and Option Care as equal owners of Respondent, and Option Care manages the day to day operations of Respondent, with the Pharmacy responsible for providing all patient care and related pharmacy services.
3. As the manager and operator of Respondent, and in light of its new ownership, Option Care is actively working to ensure a culture of compliance throughout the organization.
4. At the time of the transaction, Option Care was made aware that Walgreens had been notified of the August, 2014 death of a pediatric patient for whom a Total Parenteral Nutrition (TPN) product was compounded at the Pharmacy and provided for the patient's use.
5. Board investigators determined that the TPN was not properly mixed, and believed that during the compounding process, adherence to policies and equipment warnings were not followed or noted, resulting in errors in the compounding of the TPN product.

6. Board investigators found that violations of the Pharmacy's own policies and procedures led to the TPN compounding error.
7. Separately and unrelated to the foregoing, on or about December 2014, during routine sample testing, WIS discovered the presence of mold growth in its chemotherapy mixing room. The room was cleaned and retested, and efforts were made to determine the source of the mold growth. WIS engaged industry specialists to inspect the air ducts and HVAC system throughout the facility. In addition, WIS worked with an industrial hygienist to identify and remedy the suspected source of the mold growth. Ultimately, it was determined that the HVAC system would be replaced in its entirety, and WIS ceased all sterile compounding at the facility pending installation of a new HVAC system.
8. A new HVAC system along with new HEPA filters were installed, and WIS resumed operations. After resuming operations, WIS performed ongoing, customary environmental testing to confirm air quality throughout the facility.
9. In May, 2015, results of environmental tests suggested possible mold growth in the chemotherapy mixing room. Respondent voluntarily suspended all compounding operations pending verification of the test results and correction of any circumstances that may have contributed to the mold growth.
10. The HVAC system, both sterile mixing rooms, as well as the overall building facility were again examined by multiple experts. It was determined that the mold resulted from air-flow issues due to the newly-installed HVAC system. Experts recommended additional engineering of the new HVAC to add heating coils, thus enabling more stable temperature controls, airflow and exchanges in the sterile mixing room.

11. The measures recommended by the experts to remedy the temperature and airflow issues were adopted and implemented by Respondent in June and July, 2015. Additionally, Respondent expanded the clean room suite by adding a vestibule to provide additional space and transitioning to the ante room for more positive environmental controls between the sterile mixing room environment and the exterior premises. Environmental testing of the sterile clean room has been and continues to be conducted, which has reflected negative mold growth. Following the renovations, the new, remodeled clean room passed state inspection, and was re-opened for sterile compounding in July, 2015. Respondent elected to seal and not reopen the chemotherapy mixing room. Chemotherapy mixing will not be continued at Respondent's current location.
12. Respondent acknowledges that Board investigators believe that certain policies and procedures may not have been followed as required by the Board-mandated regulations, and could be described as unprofessional conduct within the meaning of T.C.A. § 63-10-305(6).

III. STIPULATED GROUNDS FOR DISCIPLINE

13. The State of Tennessee Board of Pharmacy has the authority to revoke, suspend, or impose other lawful disciplinary action, including a civil penalty for any violation of any laws relating to drugs or to the practice of pharmacy and/or the Board's rules pursuant to TCA §63-10-305, and Tenn. Comp. R. & Reg. 1140-08-.01 [providing for Civil Penalties].
14. The Stipulations of Fact in paragraphs 4 through 6, may be sufficient to establish that Respondent has violated the following statutes or rules which are part of the Act, TCA §

63-10-101, *et seq.*, and Tenn. Comp. R. & Regs., 1140-010.01 *et seq.*, for which disciplinary action by the Board is authorized.

15. The Stipulations of Fact in paragraphs 4 through 6, may constitute grounds for which the Board may discipline Respondent's license to operate as a pharmacy pursuant to Tenn. Comp. R. & Regs., 1140-03-.02, titled Standards of Practice, the relevant portion of which reads as follows:

A pharmacist may compound and dispense prescription drugs and devices and related materials only in a pharmacy practice site which is duly licensed by the board and which operates in compliance with Tennessee and federal laws and rules governing the practice of pharmacy.

16. The Stipulations of Fact in paragraphs 4 through 6, may constitute grounds for which the Board may discipline Respondent's license to operate as a pharmacy pursuant to Tenn. Comp. R. & Regs., 1140-01-.02, titled Violations Constitute Unprofessional Conduct, the relevant portion of which reads as follows:

Any person who violates any rule of the board may be deemed guilty of dishonorable, immoral, unethical or unprofessional conduct within the meaning of T.C.A. § 63-10-305(6).

IV. STIPULATED DISPOSITION

17. For the purpose of avoiding further administrative actions with respect to this cause, Respondent agrees to the following:
 - a. Suspension of Respondent's license for a period of one (1) year from the date the Consent Order is approved by the Board;
 - b. Suspension of Respondent's license is stayed for the same period of one (1) year;
 - c. Payment of \$ 15,000.00 in civil penalties;

d. Respondent has modified its compounding policies and procedures related to the concerns of the Board based upon recommendations by independent industry experts hired by Respondent, as well as Respondent's review of all Tennessee and federal regulations, and industry best practice standards. In that regard, Respondent has submitted a proposed Corrective Action Plan (CAP) to the Board and to the Department of Health outlining its internal changes to policies and procedures, among other changes and facility improvements. Included in the CAP, and to address the Board's concerns stemming from its review of any compounding errors occurring in August 2014, Respondent has adopted and trained its employees on the following heightened safety measures:

- (i) All TPN products mixed by Respondent are reviewed and/or verified by no less than two (2) pharmacists.
- (ii) One of the pharmacists must verify the physician's order and the ingredients to be compounded for the patient;
- (iii) A second and different pharmacist must verify the accuracy of the compounding of any TPN by:
 - Reviewing the compounding order and the mix check report generated by the compounding equipment used to mix the product;
 - For any adult patient product, the verifying pharmacist must review the mix check report generated by the equipment as well as the patient information, errors raised by the report, the ingredients and quantities used when compounding the product, and any other factor necessary to make a professional and clinical decision whether the product can be dispensed to the adult patient, and will sign and indicate accordingly;
 - For all pediatric patients, if any error is indicated by the equipment, the mix check report, or from any other source, the compounded product must be disposed of and not dispensed to the patient. There will be no separate clinical determination of whether the product can still be dispensed to the patient.

- All products which are rejected by the verifying pharmacist must be so indicated on the mix check report, bear the signature of the verifying pharmacist, stored for inspection and training purposes, and identified on a written log as disposed of as "waste."
 - All of the above records will be made available for inspection by the investigators for the Board of Pharmacy at any time during business hours.
- (iv) All current employees have been trained and have acknowledged the policies and training on the listed safety measures, among others, as contained in the CAP. Records of all employee trainings are available for inspection by the Board of Pharmacy during business hours.
- (v) Pharmacists and pharmacy technicians have completed, and all future pharmacists and pharmacy technicians are required within thirty (30) days of his/her start date (before compounding) to complete training modules related to home infusion therapy and TPN. Additional training by the compounding manufacturer is scheduled within thirty (30) days of entry of this Order. The equipment manufacturer previously provided equipment training at Respondent's location in November 2014 (prior to Respondent's purchase).
- (vi) A confidential reporting system has been established for technicians and pharmacists to report any concerns related to personnel competency or failure to comply with any compliance or safety measures required by law or Option Care Policy.
- e. The CAP also describes Respondent's implementation of other safety measures, including the designation of specific employees for oversight and accountability on all policies and compliance requirements; establishment of stricter and more frequent compliance reporting internally; provisions for more frequent testing of compliance measures and employees' adherence to all stated measures; and increased management and compliance committee oversight and accountability for implementation, testing and enforcement of compliance and safety requirements.

- f. The CAP also provides for a new employee orientation for sterile room and compounding training. Any new employee with less than two years' experience will be assigned a pharmacist mentor who will provide additional oversight for the employee's training and supervision for at least six (6) months.
- g. During the one year period of the stay of the Respondent's license suspension and its CAP, the Respondent will provide any changes to its policies or employee training requirements related to compounding, prescription dispensing, or compliance verification to the BOP for its review within five business days of the change. As provided in the proposed CAP, Respondent will have readily available for the BOP's inspection monthly testing of compliance measures, including those related to TPN products, as well as mix check reports generated from the compounding equipment.
- h. Testing of all compliance measures, while to be made available to the BOP as provided herein and in the proposed CAP, will also be provided to an independent industry consultant hired by Respondent for review and analysis, and who may provide advice or recommendations to Respondent with regard to testing measures. Any significant changes to policy or procedure as a result of advice or recommendations from the consultant will be provided to the BOP as provided herein.
- i. Notice of any additional significant facility improvements or Respondent's relocation to a new site as anticipated will be provided to the BOP, who will be

provided with the opportunity to inspect the improvements or any new facility location.

V. NOTICE

18. The Respondent, as represented by the signature on this Consent Order, waives the right to a contested hearing and any and all rights to judicial review in this matter. Respondent agrees that presentation to and consideration of this Consent Order by the Board for ratification and all matter divulged during that process shall not constitute unfair disclosure such that the Board or any of its members shall be prejudiced to the extent that requires their disqualification from hearing this matter should this Order not be ratified. Likewise, all matters, admissions and statements disclosed or exchanged during the attempted ratification process shall not be used against the Respondent in any subsequent proceeding unless independently entered into evidence from a separate source.
19. Respondent expressly waives all further procedural steps and expressly waives all rights to seek judicial review of or to challenge or contest the validity of this Consent Order. Respondent understands that by signing this Consent Order, Respondent is allowing the Board to issue its order without further process. In the event that the Board rejects this Consent Order for any reason, it will be of no force or effect for either party.
20. Furthermore, Respondent acknowledges that it understands that it has a right to a hearing under the provisions of the Uniform Administrative Procedures Act, TCA Title 4, Chapter 5, but that it hereby waives that right in order to enter into this proposed Consent Order.
21. A violation of this Order shall constitute a separate violation of the Pharmacy Practice Act, TCA § 63-10-305(8), and is grounds for further disciplinary action by the Board.

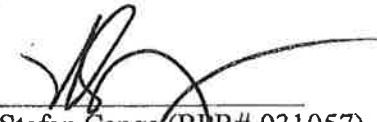
22. Respondent's failure to maintain compliance with the terms of this Order and the requirements of Board Rule Chapter 1140-07 until the completion of the terms of the Order and any amendments thereto will be a violation of this Order and may result in the immediate lifting of the stay of suspension of Respondent's license. If thereafter Respondent wishes to have its license reinstated, Respondent must appear before the Board to obtain a recommendation for reinstatement and demonstrate its ability to operate within the bounds of the law. The Board reserves the right to recommend other reasonable conditions of reinstatement at the time of appearance before the Board. If the Board does not recommend reinstatement, Respondent's license shall remain suspended for the remaining term of suspension as provided by the terms of the Consent Order.

APPROVED FOR ENTRY:



Paul Mastrapa
Chairman of the Board of Directors
Walgreens Infusion and Respiratory
Services, LLC
Respondent

9/11/15
Date



Stefan Cange (BLR# 031057)
Assistant General Counsel
Tennessee Department of Health
Office of General Counsel
665 Mainstream Drive, 2nd Floor
Nashville, Tennessee 37243
(615) 741-1611

9/11/15
Date

Approval by the Board

Upon the agreement of the parties and the record as a whole, this CONSENT ORDER was approved as a FINAL ORDER by a majority of a quorum of the Tennessee Board of Pharmacy at a public meeting of the Board and signed this 1st day of September, 2015.

ACCORDINGLY, IT IS ORDERED that the agreements of the parties will, and hereby do, become the Final Order of the Board.



Chairperson/Acting Chairperson
Tennessee Board of Pharmacy

Supplemental- #1 -COPY-

Vanderbilt HC/Walgreens
IV &RT Services

CN1612-040

December 23, 2016

1:25

DEC 23 1:25 PM '16

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DavidsonNAME OF FACILITY: Vanderbilt HC/Walgreen IV & RT

I, Ron LaDuke, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.



[Signature] / General Mgr
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 21st day of December, 2016, witness my hand at office in the County of Davidson, State of Tennessee.

[Signature]
NOTARY PUBLIC

My commission expires 11/20 19 10

HF-0043

Revised 7/02

December 23, 2016**1. Section A., Executive Summary A, Item A.3. Service Area 1:25 pm**

It appears the applicant incorrectly listed "Provertson" County rather than Robertson County as a county in the service area. If so, please correct and submit a replacement page 4.

Service Area

The current service area for this location will not be affected. The service area for this project consists of Bedford, Cannon, Cheatham, Coffee, Davidson, DeKalb, Dickson, Franklin, Giles, Grundy, Hickman, Houston, Humphreys, Lawrence, Lewis, Lincoln, Macon, Marshall, Maury, Montgomery, Moore, Perry, Putnam, Robertson, Rutherford, Smith, Sumner, Trousdale, Warren, Wayne, White, Williamson, Wilson Counties. WIRS is not requesting to expand into any new counties in this application.

2. Section A., Executive Summary A, Item C, Consent Calendar Justification

The Consent Calendar Justification attachment could not be found. If applicable, please briefly specify the reasons for requesting Consent Calendar by addressing each of the four criteria: 1) Need, 2) Economic Feasibility, and 3) Contribution to the Orderly Development of Health Care, and 4) Quality Measures.

1) Need

This proposed move of the principal location will permit greater growth and to provide necessary administrative services for its homecare needs. The applicant's 33 county service area has been serviced for the last 7 years. It will not be changed as a result of this relocation of the principal office. The applicant primarily services patients age 0-64. That group currently numbers 2,264,383. By 2020 it is projected to increase by 1.27% to 2,357,480 persons.

2) Economic Feasibility

This project is expected to have a total calculated cost of \$3,860,525 including construction, leasehold, and other improvements. WIRS, including the nursing services will have an estimated net revenue of \$23,205,277 in 2016. This project is fully funded with available cash in the business.

3) Orderly Development to adequate and effective healthcare

WIRS is part of the continuum of health care, primarily providing care to patients transitioning from the acute care setting to home for infusion services. Additionally, WIRS coordinates with physicians, hospitals, health systems, medical groups, payors, and other health care providers, treating patients with infusion services for chronic and acute illnesses in an alternate treatment setting. WIRS is a licensed nursing agency and accredited by the national organization, ACHC.

4) Appropriate Quality Standards

This project will allow WIRS to continue to provide home nursing care for patients with chronic and complex conditions requiring extended dosing times that will not be serviced by other home health providers in this service area. The project will continue to bring to the service area a continued option for the care of complex cases, both pediatric and adult. This project will continue to provide expanded access to low-income and indigent care for complex patients. The applicant is currently licensed through The Department of Health and is accredited by the Accreditation Commission for Health Care (ACHC).

3. Section A, Project Details, Item 4.A Legal Interest

It appears the provided lease was signed on September 21, 2015. Please clarify what currently occupies the lease space, if the applicant has been making payments since September 2015, and why?

The initial lease was executed on September 21, 2015, however demolition and renovations of this was initiated in May 2016. Occupancy by the pharmacy operations of the business occurred effective July 11, 2016. At this time, the nursing operation remains at the location currently licensed at 500 Wilson Pike Circle, Brentwood, TN.

4. Section A, Project Details, Item 4 B. (2) Floor Plan

Please clarify if the proposed leased space of the applicant is located on the 1st floor. How many floors are located in the office building that includes the proposed lease?

The newly leased building only has 1 floor, and this statement was included only to demonstrate that the facilities are accessible by handicapped patients/visitors.

December 23, 2016**5. Section A, Project Details, Item 10, Square Footage and Cost Per Square Footage Chart**

The applicant notes a total GSF of 15,000 in the Square Footage and Cost Per Square Footage Chart; however the lease notes 15,306 SF of rentable space. Please clarify.

The applicant notes the renovated and total construction cost per square foot is under the 1st quartile. However, there is not a category similar to the proposed project type to compare renovation and construction costs. Please clarify.

Clarification regarding the Cost per Square Foot Within Which Range, the original submission compared the construction costs to the publish rates for hospital construction. This was an error, and because there are no publish construction cost ranges publically published for Home Health renovation/construction, this notation was removed from the above chart.

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
Pharmacy	Brentwood	9,760	n/a	Nashville	14,378	0	14,378
Home Health	Brentwood	240	n/a	Nashville	928	0	928
Unit/Department GSF Sub-total							
Other GSF Total							
Total GSF	Brentwood	10,000	n/a	Nashville	15,306	0	15,306
*Total Cost					1,714,158	0	1,714,158
**Cost per Square Foot					\$ 111.99	0	\$ 111.99
Cost per Square Foot is Within Which Range (For Quartile ranges, please refer to an Applicant's Toolbox on www.tn.gov/hsda) .					<input type="checkbox"/> Below 1st Quartile	<input type="checkbox"/> Below 1st Quartile	<input type="checkbox"/> Below 1st Quartile
					<input type="checkbox"/> Between 1st and 2nd Quartile	<input type="checkbox"/> Between 1st and 2nd Quartile	<input type="checkbox"/> Between 1st and 2nd Quartile
					<input type="checkbox"/> Between 2nd and 3rd Quartile	<input type="checkbox"/> Between 2nd and 3rd Quartile	<input type="checkbox"/> Between 2nd and 3rd Quartile
					<input type="checkbox"/> Above 3rd Quartile	<input type="checkbox"/> Above 3rd Quartile	<input type="checkbox"/> Above 3rd Quartile

December 23, 2016

11:25 pm

6. Section B, Need, Item 2.a. and 2.b (Project Specific Criteria-Construction, Renovation, Expansion and replacement of Health Care Institutions)

What is the square footage of the applicant's current site?

Our current space allocated to our home health services is 240ft².

Please provide a copy of the referenced news release that notes a recent market analysis that projects home infusion will grow 9% annually through 2023.

See attached article summary entitled Home Infusion Therapy Market size worth \$26.3 Billion by 2023: Global Market Insights Inc.

Please discuss how a national 9% home infusion growth can be applied to the applicant's service area with certainty.

Section B, Need, Item 2.b (Project Specific Criteria-Construction, Renovation, Expansion and replacement of Health Care Institutions)
(Revised response due to utilization calculation errors in original submission)

WIRS nursing operations are directly and solely tied to the infusion pharmacy operations of the business and the proposed nursing service area exactly matches the current service area, there should be a continuing correlation between the number of nursing patients serviced, as compared to the number of infusion patients serviced. Based on historical data, WIRS saw patient census rise 34.7%, 24.7%, and 25.3% respectively from 2013 through 2015, with an average annual growth of 28.3%. During this same period, nursing patients serviced as a proportion of infusion patients was 9.5%, 10.4%, and 10.6% with an average annual relationship of 10.2%. With the industry future growth projected at 9.5% from 2016 to 2023 in the home infusion industry, as well as other market factors, WIRS anticipates that continued growth of its home infusion patient census within the TN market will continue to grow at rates similar to historical averages. Therefore, there will be a continued projected need for nursing operations to service a proportion of the overall patients serviced by the pharmacy operations.

7. Section B, Need, Item 3. (Proposed Service Area)

It is noted the applicant has no historical or projected patients in the following service area counties: Cannon, Grundy, Houston, Lewis, Moore, Perry, Putnam, Smith, and White Counties. Please justify why these 9 counties are included in the applicant's service area.

The noted counties of Cannon, Grundy, Houston, Lewis, Moore, Perry, Putnam, Smith and White are all counties currently serviced by our pharmacy operations. These counties are included to permit the continuity of care required to service patients in these counties that may require nursing services in conjunction with home infusion needs, where another local agency may not be able to provide sufficient staffing or sufficient expertise in there therapies supported by our pharmacy.

8. Section B, Need, Item 5. (Service Area Special Needs)

It is noted the applicant is not Medicaid/Medicare certified. If so, please explain how the applicant is contracted with Amerigroup and United Healthcare Community Plan.

Please clarify if the applicant's home health and pharmacy have different contracts with Medicaid/Medicare.

Yes, we have separate contracts with Medicaid/Medicare MCOs that are assigned to our pharmacy operations, and our contracted nursing services are apportioned to provide these services as part of the pharmacy continuity of care.

9. Section C, Need, Item 7. (Historical and Projected Utilization)

It is noted the applicant provided services to 200 patient in 2015 and projects 319 in 2017. However, please clarify how this is possible while the applicant notes 87 patients in the historical table on page 15 of the application and 104 projected patients in the table on page 16 of the application.

Please see corrected Historical and Projected Utilization below.

Vanderbilt HC / Walgreens IV & RT Services Historic and Projected Utilization 2013-2018						
	2013	2014	2015	2016*	2017*	2018*
Patients	46	68	87	104	138	171
Visits	482	933	1035	1252	1768	2035

PATIENTS: The average growth rate by patients from 2013 through 2016 was calculated to be 32.0%. This same growth rate is used to project new patients serviced in 2017 and 2018.

VISITS: The average number of visits per patient serviced annually between 2013 and 2016 was 12.0. This same ratio was used to project visits for 2017 and 2018.

December 23, 2016**1:25 pm****10. Section B, Economic Feasibility, Item 1.**

Please clarify if the cost of the proposed project is related to the home health agency or does it include the pharmacy operation also? The construction cost and lease cost should only involve the area of the building that will be occupied by your home health agency. If so, please submit a revised Project Costs Chart and replacement pages that references the new Project Costs.

Because the home health agency and pharmacy operations reside in the same building and are supported by the same clean room operations, we are not able to break out the cost in such a manner.

It is noted the applicant will spend \$1,714,158 in construction costs. Please clarify if the construction costs are included in the lease. If not, why is the applicant responsible for construction costs?

Construction costs are not included in the lease payment as we are responsible for building out the facility to suit our specific needs. These are typically leasehold improvement costs such as clean room and pharmacy facilities which are born by the entity.

11. Section B, Economic Feasibility, Item 2. Funding

It is noted the proposed project will be funded through cash reserves. Please check "E. Cash Reserves" and provide a replacement page 21. In addition, please provide appropriate documentation from the Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization.

Section has been updated. Please note the initial funding of the project was approved for \$1.4M but the construction went over budget. The Option Care's CFO signature is included on the attached capital funding request. No audit of the entity is required and therefore no audited financial statements are available for the entity.

12. Section B. Economic Feasibility Item 4. (Historical Data Chart and Projected Data Chart)

There is a calculation error for Net Operating Revenue in 2014 and slight calculation errors in the overall columns for 2015 and 2016 in the Historical Data Chart. Please recheck, verify, and submit a corrected Historical Data Chart.

Please see revised Historical Data Chart.

Please clarify why rent increased from \$184,960 in 2015 to \$318,556 in 2016 in the Historical Data Chart.

Rent increased in 2016 as there was duplicate rent as the facility leases overlapped.

December 23, 2016

Why was there an annual capital expenditure of \$2,002,264 in Historical Data Chart for 2016?

The annual capital expenditure includes the construction costs of \$1,714,158 plus various acquisitions of infusion pumps, office equipment and computer equipment.

There appears to be a calculation error for the Total Deductions for Year 2018 in the Projected Data Chart. In addition, there appears an addition error for Free Cash Flow for Year 2017 in the Projected Data Chart. Please correct and submit a corrected Projected Data Chart.

Please see revised Projected Data Chart.

How many patients is the Projected Data Chart based on for Year One (2017) and Year Two (2018)?

2017 - 319 patients/1,934 visits

2018 – 332 patients/2,011 visits

This includes patients for whom nursing services may be subcontracted with another home health agency and not serviced directly by WIRS, due to staffing availability.

In the Projected Data Chart please clarify the rent paid to affiliates (pass through) in the amount of \$318,556 for Year One and Year Two of the proposed project.

This is the annual rent expense – moved to the Paid to Non-Affiliates line item.

It is noted the applicant projects \$217,942 in Management Fees in the Projected Data Chart in Year One and Year Two of the proposed project. However, the applicant notes in the application there is not a management entity and did not provide a management contract. Please clarify.

Option Care Enterprises, Inc. is the management entity. Amount has been updated to \$300,000 assuming consistent rates for the next 2 years. Management contract provided.

13. Section B. Economic Feasibility Item 5 and 6.B

Please clarify if the Gross Charge, Deductions from Revenue, and Average Net Charge is based on number of patients or on the numbers of visits.

All numbers updated to be based on visits.

December 23, 2016

If there are any changes in the Projected Data Chart as a result of a calculation error, the projected average gross charge per patient/visit, projected deduction from revenue per patient/visit, and the projected net charge per patient/visit may change. If needed, please revise the applicant's response to Item 5 and 6.B if there are any changes in the Projected Data Chart that will change the gross charge, deductions from revenue, average net charge, or Net Operating Ratio.

Updated as needed.

14. Section B. Economic Feasibility Item 5.B and 5.C

Please provide a response to 5 (B.) and 5 (C.).

B. Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

This project has no impact on the rates we charge to payers. Charges for the project are expected to remain consistent with expectations as there is no impact to payer rates.

C. Compare the proposed charges to those of similar facilities in the service area/adjoining service area, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

This project has no impact on the rates we charge to payers. Charges are compared to and consistent with our overall business, which has operations across the United States.

December 23, 2016**1:25 pm****15. Section B. Economic Feasibility Item 8.**

The staffing table on page 27 is noted. However, please complete the Projected Year 1 FTE column and average wage column and submit a replacement page 27.

Position Classification	Existing FTEs (2016)	Projected FTEs year 1	Average Wage (Contractual Rate)	Area Wide / Statewide Prevailing Wage
A. Direct Care Positions				
Delivery	3	3	\$ 28,980	\$29,224
Dietician	2.6	2.6	\$ 65,578	\$76,298
Nurse	3.2	5	\$ 68,085	\$68,434
Pharm Tech	10.5	12	\$ 32,444	\$33,260
Pharmacist	5.75	5.75	\$ 122,457	\$122,867
Total Direct Care Positions	25.05	28.35		
B. Non-Patient Care Positions				
Administrative	3	3	\$ 83,422	\$85,169
Intake	11.25	11.25	\$ 32,714	\$38,329
Clinical Liaison	6	7	\$ 64,657	\$68,699
Nurse Manager	1	1	\$ 100,450	\$85,957
Pharmacy Manager	1	1	\$ 131,733	\$87,809
Account Manager	2	2	\$ 65,858	\$77,304
Warehouse/Delivery	3	3	\$ 42,663	\$43,023
Total Non-Patient Care Positions	27.25	28.25		
Total Employees (A+B)	52.3	56.6		
Contractual Staff	0	0		
Total Staff (A+B+C)	52.3	56.6		

16. Proof of Publication

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

Please see attached Affidavits from both the Tennessean and Buffalo River Review for the dates noted.

December 23, 2016

1:25 pm

option
care™

Capital Asset/Project Authorization Form

Today's Date: 2015-08-31		Asset/Project Area: F - Facilities	
Capital Asset/Project Name 2016 Capital Project Relocation		Requester Name Kay Clabault	
Total Capital Requested: \$ 1,400,000.00	OPEX Related Expenses: \$	Expected Completion Date: 6/30/2016	
Is this asset purchase related to a project? YES		Was this purchase budgeted? YES	Is this an addendum to a previous CAPA? NO
Project Category PM - Profit Maintenance			
Sub-Account New Office? NO 530	Location or Department Vanderbilt JV	CAPA No. Version 1 (08072016) (Accounting will provide final number after approval process) F-PM-2015-08-31-017	
Justification for purchase: Approved capital project based on production volume and compliance			
Detail of Asset Items & Costs (attach a minimum of 2 cost quotes): Give Brand Name, Make, and Model (Include picture or catalog page)			
Capital Costs			
Asset Type	Item Description	Year 1 Costs	Year 2 Costs
Leasehold improvement	Relocation branch build out	\$ 1,400,000.00	\$ -
Please Select		\$ -	\$ -
Please Select		\$ -	\$ -
Please Select		\$ -	\$ -
Please Select		\$ -	\$ -
		Total	\$ 1,400,000.00
OPEX Related Costs			
Expense Type	Item Description	Year 1 Costs	Year 2 Costs
Please Select		\$ -	\$ -
Please Select		\$ -	\$ -
Please Select		\$ -	\$ -
Please Select		\$ -	\$ -
Please Select		\$ -	\$ -
		Total	\$ -
Budget Analysis			
Budgeted Cost		\$ 1,400,000.00	
Cost per AOF		\$ 1,400,000.00	
Over (Under)		\$ -	
Approvals			
Originator			
Name: Kay Clabault	Signature:	Date:	
General Manager/Director			
Name:	Signature:	Date:	
Area Vice President or Corporate Vice President			
Name:	Signature:	Date:	
Chief Information Officer			
Name:	Signature:	Date:	
Chief Financial Officer			
Name: Mike Shapiro	Signature:	Date:	
Chief Executive Officer			
Name: Paul Mastrapa	Signature:	Date:	
Finance Committee			
Name:	Signature:	Date:	
Board of Directors			
Name:	Signature:	Date:	
Secondary Approvals (to be received after submission to Finance and Accounting):			
Finance			
Name: Kristin Dahlke	Signature:	Date:	
Accounting			
Name: Chuck Murdent	Signature:	Date:	

December 23, 2016

1:25 pm

OPTION CARE

Appropriation of Funds (AOF) Form

Sub-account New Office? NO 630		Location or Department Vanderbilt JV		AOF No. Version 3 (05/02/16) (Accounting will provide after approval process) 000039	
Project Title 2016 Capital project Relocation			Project Originator Facilities, Kay Clabault		
Is this a multi-phase (long-term) project? Project Category Real Estate			YES		
Detail of Project Items & Costs (attach a minimum of 2 cost quotes): Give Brand Name, Make, and Model (include picture or catalog page)					
Asset Type	Item Description	Unit Price	Quantity	Cost	
Leasehold Improvement	relocation branch build out	\$1,400,000.00	1.00	\$ 1,400,000.00	
Asset Type				\$ -	
Asset Type				\$ -	
Asset Type				\$ -	
Asset Type				\$ -	
			Total	\$ 1,400,000.00	
Justification for purchase: Approved Capital project based on production volume and compliance					
Return on Investment (ROI)			Budget Analysis		
Estimated Return on Investment? 100%			Was this AOF budgeted? YES		
Explanation for calculated ROI: Capital expenditure for increase in production and compliance			Budgeted Cost \$ 1,400,000.00		
			Cost per AOF \$ 1,400,000.00		
			Over (Under) \$ -		
Approvals					
Project Originator					
Name: Kay Clabault		Signature: <i>Kay Clabault</i>		Date: 8/31/15	
General Manager or Dept Head					
Name: Steven Paulson		Signature:		Date:	
Chief Information Officer					
Name:		Signature:		Date:	
Area Vice President or Corporate Vice President or Director					
Name: Julie Koenig		Signature: <i>Julie Koenig</i>		Date: 10/1/15	
Vice President of Operations					
Name: Lori Zalte		Signature: <i>Lori Zalte</i>		Date: 10/1/15	
Chief Financial Officer					
Name: Mike Shapiro		Signature: <i>Mike Shapiro</i>		Date: 8-30-15	
Chief Executive Officer					
Name: Paul Mastrapa		Signature: <i>Paul Mastrapa</i>		Date: 10/1/15	
Board of Directors					
Name:		Signature:		Date:	
Secondary Approvals (to be received after submission to Finance and Accounting):					
Finance					
Name: Alan Puric		Signature:		Date:	
Accounting					
Name: <i>Karen S. Suter</i>		Signature: <i>Karen S. Suter</i>		Date: 10/21/15	

Buffalo River Review

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SUPPLEMENTAL #1

December 23, 2016

1:25 pm Email Addresses

Ads or General Information:

brreview@tds.net

News Copy Only:

brreditor@tds.net

**PO Box 914 • 115 South Mill St.
Linden, TN 37096
(931)589-2169 • Fax (931)589-3858**

Website:
www.buffaloriverreview.com

RE: NOTICE OF INTENT TO APPLY FOR CERTIFICATE OF NEED

AFFIDAVIT OF PUBLICATION

**STATE OF TENNESSEE
COUNTY OF PERRY**

I, Sherri Groom, do swear that I am General Manager of the *Buffalo River Review*, a weekly newspaper published in Perry County, Tennessee, Town of Linden, having an actual and bona fide circulation in Perry County and that the NOTICE, of which the annexed and attached is a true copy, was published for ONE (1) consecutive weeks, as follows, to-wit:

Wednesday, December 7, 2016

Sherri Groom

**Sherri Groom, General Manager
The Buffalo River Review**

Subscribed and sworn to before me this 19th day of December, 2016.

Ginger Edwards

Ginger Edwards, Notary Public

My commission expires April 30, 2017



December 23, 2016**1:25 pm****State of Tennessee****Health Services and Development Agency**Andrew Jackson Building, 9th Floor

502 Deaderick Street

Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

PUBLICATION OF INTENT

The following shall be published in the "Legal Notices" section of the newspaper in a space no smaller than two (2) columns by two (2) inches.

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Walgreens Infusion and Respiratory Services, LLC d/b/a Vanderbilt HC/Walgreens IV & RT Services, Home Health Agency
(Name of Applicant) (Facility Type-Existing)

owned by: Walgreens Infusion and Respiratory Services, LLC. with an ownership type of Joint Venture

and to be managed by: Walgreens Infusion and Respiratory Services, LLC. intends to file an application for a Certificate of Need

for [PROJECT DESCRIPTION BEGINS HERE]: to relocate its principle office from 500 Wilson Pike Circle, Suite 115, Brentwood, TN 37027 to 624 Grassmere Park Drive, Suite 22

Nashville, TN, 37211 at a cost of \$3,860,525. The applicant is licensed as a home health agency by the Board of Licensing Health Care Facilities. The project does not contain any major medical equipment,

or initiate or discontinue any other health services; and it will not change the applicant agency's authorized service area counties of Bedford, Cannon, Cheatham, Coffee, Davidson, Decatur, Dekalb, Dickson,

Franklin, Giles, Grundy, Hickman, Houston, Humphreys, Lawrence, Lewis, Lincoln, Macon, Marshall, Maury, Montgomery, Moore, Perry, Putnam, Robertson, Rutherford, Smith, Sumner, Trousdale, Warren,

Wayne, White, Wilson, Williamson.

The anticipated date of filing the application is: December 7, 2016

The contact person for this project is Ron LaDuke General Manager
(Contact Name) (Title)

who may be reached at: Vanderbilt HC/Walgreens IV & RT Services 624 Grassmere Park Drive, Suite 22
(Company Name) (Address)

Nashville TN 37211-3662 615 / 726-0776
(City) (State) (Zip Code) (Area Code / Phone Number)

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

AFFIDAVIT OF PUBLICATION

SUPPLEMENTAL #1

December 23, 2016

1:25 pm

0001774122

Newspaper The Tennessean

State of Tennessee

Account Number NAS-548146

Advertiser WALGREENS INFUSION SERVICES

WALGREENS INFUSION SERVICES
624 GRASSMERE PARK STE 22
NASHVILLE, TN
37211

**TEAR SHEET
ATTACHED**

Jackie Cooper

Sales Assistant for the above mentioned newspaper,

hereby certify that the attached advertisement appeared in said newspaper on the following dates:

↓
12/08/16

Jackie Cooper

Subscribed and sworn to before me this 8 day of December 2016

Angela Murray
Notary Public



Affidavits Requested:

0001774122NOTIFICATIONOFINTENTTOAPPLYFORACE

December 23, 2016**1:25 pm**

State of Tennessee
Health Services and Development Agency

Andrew Jackson Building, 9th Floor
 502 Deaderick Street
 Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

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 (Name of Applicant) (Facility Type-Existing)

owned by: Walgreens Infusion and Respiratory Services, LLC. with an ownership type of Joint Venture

and to be managed by: Walgreens Infusion and Respiratory Services, LLC. intends to file an application for a Certificate of Need

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or initiate or discontinue any other health services; and it will not change the applicant agency's authorized service area counties of Bedford, Cannon, Cheatham, Coffee, Davidson, Decatur, Dekalb, Dickson,

Franklin, Giles, Grundy, Hickman, Houston, Humphreys, Lawrence, Lewis, Lincoln, Macon, Marshall, Maury, Montgomery, Moore, Perry, Putnam, Robertson, Rutherford, Smith, Sumner, Trousdale, Warren,

Wayne, White, Wilson, Williamson.

The anticipated date of filing the application is: December 12, 2016

The contact person for this project is Ron LaDuke General Manager
 (Contact Name) (Title)

who may be reached at: Vanderbilt HC/Walgreens IV & RT Services 624 Grassmere Park Drive, Suite 22
 (Company Name) (Address)

Nashville TN 37211-3662 615 / 726-0776
 (City) (State) (Zip Code) (Area Code / Phone Number)

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Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

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December 23, 2016

1:25 pm



*Source: Global Market Insights
May 23, 2016 05:30 ET*

Home Infusion Therapy Market size worth \$26.3 Billion by 2023: Global Market Insights Inc.

**Market Size - \$13.2 billion in 2015, Market Growth - CAGR of 9%, Market Trends
–Introduction of technologically advanced, portable, and user-friendly devices**

Dover, DE, May 23, 2016 (GLOBE NEWSWIRE) -- Home Infusion Therapy Market size is projected to reach USD 26.3 billion by 2023; as per a new research report by Global Market Insights, Inc. Growing base of geriatric population globally, technological advancements in infusion pump devices, and a growing need to curb healthcare expenditure levels by reducing hospital admissions is likely to drive the global home infusion therapy devices market size.

Needleless connector products are set to sustain strong industry position, and are estimated to **grow at a healthy 9.5% CAGR** from 2016 to 2023. The industry is witnessing increasing patient preference levels for home health settings. Growing healthcare expenditure levels is a prime concern with patients and government constantly striving to curb these costs. With increasing disease prevalence levels and baby boomer population, healthcare expenditure levels are expected to continue over the next decade.

Get sample pages from our latest research report @ <https://www.gminsights.com/request-sample/detail/435>

The growth of home healthcare as a cost effective alternative to expensive hospital stays is should further stimulate home infusion therapy market growth. APAC provides attractive growth opportunities as a region, with revenue targeted in excess of USD 4.9 billion, by 2023.

Smart pumps introduction has simplified infusion therapy usage under home care settings. These pumps have the ability to store dosing guidelines in the drug library of the pump and are helpful to reduce the risk of administering IV medications in a clinical setting.

To access sample pages or view this report titled, “Home Infusion Therapy Market Size By Product [Infusion Pump, Intravenous Sets, IV Cannulas, Needleless Connectors], By Application [Anti-infective, Hydration Therapy, Chemotherapy, Enteral Nutrition, Parenteral Nutrition, Specialty Pharmaceuticals] Industry Analysis Report, Regional Outlook (U.S., Canada, Germany, UK, China, Japan, Brazil, Mexico, South Africa), Application Potential, Competitive Market Share & Forecast, 2016 - 2023” in detail along with the table of contents, please click on the link below:

<https://www.gminsights.com/industry-analysis/home-infusion-therapy-market>

Key insights from the report include:

December 23, 2016

1:25 pm

- Global home infusion therapy market size was USD 13.2 billion in 2015 and is set to exceed USD 26.3 billion by 2023.
- Anti-infection therapies will continue to dominate industry revenue, and are set to see 8.8% CAGR growth from 2016 to 2023. Infusion antifungals, antivirals and antibiotics owing to the ease of providing this treatment at a outpatient setting are some prime examples.
- Infusion pumps market size is poised to jump from USD 6.8 billion in 2015 at 8.6% CAGR. These devices are used not only in healthcare facilities across the word but also extensively in outpatient settings. Infusion pumps allow greater level of precision and accuracy during drug delivery and hence reduce medication errors.
- IV sets include consist of extension sets, flow regulators, fluid delivery tubing, vial adapters, IV transfer sets, in-line filters, subcutaneous, and blood administration sets. This segment is forecast to see more than USD 3.4 billion in sales by 2023.
- U.S. home infusion therapy market share is likely to sustain moderate growth, at just over 8% from USD 5.4 billion in 2015.
- UK and Germany together were responsible of over 41% of Europe home infusion therapy market size in 2015.
- The industry may see new entrants in the near future, with moderately high threat due to strong revenue potential and moderate entry barriers. Additionally relatively low capital requirements may encourage hospital solution providers to enter the market via mergers and acquisitions.
- Presence of high unmet medical needs owing to rapidly ageing population, and improving healthcare infrastructure in APAC and LATAM should act as a catalyst for the industry growth.

Global Market Insights has segmented the home infusion therapy industry on the basis of product, application, and region:

Global Home Infusion Therapy Market Product Analysis (Revenue, USD Million; 2014 - 2023)

- Infusion Pumps
- Intravenous Sets
- IV Cannulas
- Needleless Connectors

Global Home Infusion Therapy Market Application Analysis (Revenue, USD Million; 2014 - 2023)

- Anti-Infective
- Hydration Therapy
- Chemotherapy
- Enteral Nutrition
- Parenteral Nutrition
- Specialty Pharmaceuticals

December 23, 2016

1:25 pm

DEC 23 '16 PM 1:25

- Others

Home Infusion Therapy Market Regional Analysis (Revenue, USD Million, 2014 - 2023)

- North America
 - U.S.
 - Canada
- Europe
 - U.K
 - Germany
- Asia Pacific
 - Japan
 - China
- LATAM
 - Brazil
 - Mexico
- MEA
 - South Africa

Related Reports:

- Neurostimulation Devices Market
- In-Vitro Colorectal Cancer Screening Tests Market

About Global Market Insights

Global Market Insights, Inc., headquartered in Delaware, U.S., is a global market research and consulting service provider; offering syndicated and custom research reports along with growth consulting services. Our business intelligence and industry research reports offer clients with penetrative insights and actionable market data specially designed and presented to aid strategic decision making. These exhaustive reports are designed via a proprietary research methodology and are available for key industries such as chemicals, advanced materials, technology, renewable energy and biotechnology.

Jack Davis
Corporate Sales, USA
Global Market Insights, Inc.
Phone: 1-302-846-7766
Toll Free: 1 888-689-0688
Email: sales@gminsights.com
Web: <https://www.gminsights.com>
Blog: <https://gminsights.wordpress.com>

Retrieved from "<http://globenewswire.com/news-release/2016/05/23/842296/0/en/Home-Infusion-Therapy-Market-size-worth-26-3-Billion-by-2023-Global-Market-Insights-Inc.html>"

Supplemental #2 -COPY-

Walgreens Infusion &
Respiratory Services, LLC

CN1612-040

December 30, 2016

10:41 am

DEC 30 10:41 AM '16

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DavidsonNAME OF FACILITY: Vanderbilt HC / Walgreens Infusion and Respiratory Services

I, RON LADUKE, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

[Signature] / General Manager
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 29th day of Dec, 2016,
witness my hand at office in the County of DAVIDSON, State of Tennessee.

[Signature]
NOTARY PUBLIC

My commission expires 7-6, 2020.

HF-0043

Revised 7/02





The Pharmacy America Trusts • Since 1901®

JAN 9 '17 PM 12:55

January 6, 2017

Phillip M. Earhart
HSD Examiner
Tennessee Health Services & Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Vanderbilt HC / Walgreens IV & RT Services certificate of need application for
Change of address of Principal Office from Brentwood, Tennessee to Nashville,
Tennessee (CN1612-040)

Dear Mr. Earhart,

In response to your final request for supplemental information primarily addressing the economic feasibility of the project, we have attached 3 copies of all invoices associated with the renovation of the new leased space, located at 624 Grassmere Park Drive, Suite 22, Nashville, TN 37211. Additionally, an invoice summary page is included to identify the appropriate account each invoice was applied.

In response to your questions regarding the dates of the project, the construction was initiated on September 21, 2015, and was completed on July 8th, 2016. The pharmacy and, based on the original CON relocation approval from the Health Services & Developmental Agency, the nursing operations were moved and opened for business on July 11th, 2016. We were notified by mail of the rescinded CON change of address on September 13, 2016. The nursing operation of WIRS was immediately and completely moved back to 500 Wilson Pike, Suite 115, Brentwood, TN 37027 on September 14, 2016.

Sincerely,

Ron LaDuke, RPh, MBA
Sr. Director of Operations



**State of Tennessee
Health Services and Development Agency**

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

DEC 8 '16 AM 10:47

LETTER OF INTENT

The Publication of Intent is to be published in the Buffalo River Review which is a newspaper of general circulation in Perry County, Tennessee, on or before December 7, 2016, for one day.
(County) (Month / day) (Year)

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

a change of location for its home health agency servicing Bedford, Cannon, Cheatham, Walgreens Infusion and Respiratory Services, LLC d/b/a Vanderbilt HC/Walgreens IV & RT Services
(Name of Applicant) Home Health Agency
(Facility Type-Existing)

owned by: Walgreens Infusion and Respiratory Services, LLC. with an ownership type of Joint Venture
and to be managed by: Walgreens Infusion and Respiratory Services, LLC. intends to file an application for a Certificate of Need

for [PROJECT DESCRIPTION BEGINS HERE]: to relocate its principle office from 500 Wilson Pike Circle, Suite 115, Brentwood, TN 37027 to 624 Grassmere Park Drive, Suite 22
Nashville, TN, 37211 at a cost of \$3,860,525. The applicant is licensed as a home health agency by the Board of Licensing Health Care Facilities. The project does not contain any major medical equipment,
or initiate or discontinue any other health services; and it will not change the applicant agency's authorized service area counties of Bedford, Cannon, Cheatham, Coffee, Davidson, Decatur, DeKalb, Dickson, Franklin, Giles, Grundy, Hickman, Houston, Humphreys, Lawrence, Lewis, Lincoln, Macon, Marshall, Maury, Montgomery, Moore, Perry, Putnam, Robertson, Rutherford, Smith, Sumner, Trousdale, Warren, Wayne, White, Wilson, Williamson.

The anticipated date of filing the application is: December 12, 2016

The contact person for this project is Ron LaDuke General Manager
(Contact Name) (Title)
who may be reached at: Vanderbilt HC/Walgreens IV & RT Services 624 Grassmere Park Drive, Suite 22
(Company Name) (Address)

Nashville TN 37211-3662 615-726-0776
(City) (State) (Zip Code) (Area Code / Phone Number)
[Signature] 12/02/ 2016 RON.LADUKE@OPTIONCARE.COM
(Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.



**State of Tennessee
Health Services and Development Agency**

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

DEC 8 '16 AM 10:48

LETTER OF INTENT

The Publication of Intent is to be published in the Tennessean which is a newspaper
of general circulation in all included counties (Name of Newspaper)
(County) , Tennessee, on or before December 8 , 20 16
for one day. (Month / day) (Year)

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Walgreens Infusion and Respiratory Services, LLC d/b/a Vanderbilt HC/Walgreens IV & RT Services
(Name of Applicant)

Home Health Agency
(Facility Type-Existing)

owned by: Walgreens Infusion and Respiratory Services, LLC. with an ownership type of Joint Venture

and to be managed by: Walgreens Infusion and Respiratory Services, LLC. intends to file an application for a Certificate of Need

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The anticipated date of filing the application is: December 12 , 20 16

The contact person for this project is Ron LaDuke General Manager
(Contact Name) (Title)

who may be reached at: Vanderbilt HC/Walgreens IV & RT Services 624 Grassmere Park Drive, Suite 22
(Company Name) (Address)

Nashville TN 37211-3662 615-726-0776
(City) (State) (Zip Code) (Area Code / Phone Number)

[Signature]
(Signature)

12/02/ 2016
(Date)

RON.LADUKE@OPTIONCARE.COM
(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

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**RULES
OF
HEALTH SERVICES AND DEVELOPMENT AGENCY**

**CHAPTER 0720-11
CERTIFICATE OF NEED PROGRAM – GENERAL CRITERIA**

TABLE OF CONTENTS

0720-11-.01 General Criteria for Certificate of Need

0720-11-.01 GENERAL CRITERIA FOR CERTIFICATE OF NEED. The Agency will consider the following general criteria in determining whether an application for a certificate of need should be granted:

- (1) Need. The health care needed in the area to be served may be evaluated upon the following factors:
 - (a) The relationship of the proposal to any existing applicable plans;
 - (b) The population served by the proposal;
 - (c) The existing or certified services or institutions in the area;
 - (d) The reasonableness of the service area;
 - (e) The special needs of the service area population, including the accessibility to consumers, particularly women, racial and ethnic minorities, TennCare participants, and low-income groups;
 - (f) Comparison of utilization/occupancy trends and services offered by other area providers;
 - (g) The extent to which Medicare, Medicaid, TennCare, medically indigent, charity care patients and low income patients will be served by the project. In determining whether this criteria is met, the Agency shall consider how the applicant has assessed that providers of services which will operate in conjunction with the project will also meet these needs.
- (2) Economic Factors. The probability that the proposal can be economically accomplished and maintained may be evaluated upon the following factors:
 - (a) Whether adequate funds are available to the applicant to complete the project;
 - (b) The reasonableness of the proposed project costs;
 - (c) Anticipated revenue from the proposed project and the impact on existing patient charges;
 - (d) Participation in state/federal revenue programs;
 - (e) Alternatives considered; and
 - (f) The availability of less costly or more effective alternative methods of providing the benefits intended by the proposal.
- (3) Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services. The contribution which the proposed project will make to the orderly development of an adequate and effective health care system may be evaluated upon the following factors:

(Rule 0720-11-.01, continued)

- (a) The relationship of the proposal to the existing health care system (for example: transfer agreements, contractual agreements for health services, the applicant's proposed TennCare participation, affiliation of the project with health professional schools);
 - (b) The positive or negative effects attributed to duplication or competition;
 - (c) The availability and accessibility of human resources required by the proposal, including consumers and related providers;
 - (d) The quality of the proposed project in relation to applicable governmental or professional standards.
- (4) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, The Agency may consider, in addition to the foregoing factors, the following factors:
 - (a) Need. The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change to the proposed new site.
 - (b) Economic factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.
 - (c) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.
- (5) Certificate of need conditions. In accordance with T.C.A. § 68-11-1609, The Agency, in its discretion, may place such conditions upon a certificate of need it deems appropriate and enforceable to meet the applicable criteria as defined in statute and in these rules.

Authority: T.C.A. §§ 4-5-202, 68-11-1605, and 68-11-1609. *Administrative History:* Original rule filed August 31, 2005; effective November 14, 2005.

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954**

DATE: February 28, 2017

APPLICANT: Walgreen's Infusion and Respiratory Services, LLC
d/b/a Vanderbilt HC/Walgreens IV RT Services
624 Grassmere Park Drive, Suite 22
Nashville, Tennessee 37211

CONTACT PERSON: Ron LaDuke
624 Grassmere Park Drive, Suite 22
Nashville, Tennessee 37211

COST: \$3,867,636

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, Walgreens Infusion and Respiratory Services (WIRS), LLC d/b/a Vanderbilt HC/Walgreens IV & RT Services, a Home Health Agency, seeks Certificate of Need (CON) approval for a change of location for its principal office from 500 Wilson Pike Circle, Suite 115, Brentwood, Tennessee 37027 to 627 Grassmere Park Drive, Suite 22, Nashville, Tennessee 37211.

The applicant is a licensed home health agency serving Bedford, Cannon, Cheatham, Coffee, Davidson, Decatur, DeKalb, Dickson, Franklin, Giles, Grundy, Hickman, Houston, Humphreys, Lawrence, Lewis, Lincoln, Macon, Marshall, Maury, Montgomery, Moore, Perry, Putnam, Robertson, Rutherford, Smith, Sumner, Trousdale, Warren, Wayne, White, Wilson, and Williamson counties

The project does not contain any major medical equipment, or initiate or discontinue any other health service; and will not change the applicant's agency's authorized service area.

The applicant, Walgreens Infusion and Respiratory Services (WIRS), LLC d/b/a Vanderbilt HC/Walgreens IV & RT Services is a limited liability corporation equally owned by Vanderbilt Health Services and Option Care Enterprises.

The total cost of the project is \$3,867,636 and will be funded through case reserves.

This application has been placed on the Consent Calendar. Tenn. Code Ann. § 68-11-1608 Section (d) states the executive director of Health Services and Development Agency may establish a date of less than sixty (60) days for reports on applications that are to be considered for a consent or emergency calendar established in accordance with agency rule. Any such rule shall provide that, in order to qualify for the consent calendar, an application must not be opposed by any person with legal standing to oppose and the application must appear to meet the established criteria for the issuance of a certificate of need. If opposition is stated in writing prior to the application being formally considered by the agency, it shall be taken off the consent calendar and placed on the next regular agenda, unless waived by the parties.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

NEED:

The applicant's service area includes Bedford, Cannon, Cheatham, Coffee, Davidson, Decatur, DeKalb, Dickson, Franklin, Giles, Grundy, Hickman, Houston, Humphreys, Lawrence, Lewis, Lincoln, Macon, Marshall, Maury, Montgomery, Moore, Perry, Putnam, Robertson, Rutherford, Smith, Sumner, Trousdale, Warren, Wayne, White, Wilson, and Williamson counties. The service area population in 2016 was 2,615,570, increasing to 2,782,031 in 2020, an increase of 6.4%.

The applicant request and was granted that this application be placed on the Consent Calendar. The applicant responded to the four Consent Calendar criteria:

- 1) Need. The proposed move of the principal location will permit greater growth and provide for the provision of necessary administrative services for its homecare needs. The applicant's 33-county service area has been served for the last seven years and will not be changed as a result of this relocation of the principal office. The applicant primarily serves patients age 0-64. The population of that service group numbers 2,264,383 currently, increasing to 2,357,480 or 1.27%, by 2020.
- 2) Economic Feasibility. The total cost of the project is \$3,867,636. WIRS, including the nursing services will have estimated net revenue of \$23,205,277 in 2016. The project is fully funded through cash reserves.
- 3) Orderly Development. WIRS is part of the continuum of healthcare, primarily providing care to patients transitioning from acute care settings to home for infusion services. Additionally, WIRS coordinates with physicians, hospitals, health systems, medical groups, payors, and other health care providers treating patients with infusion services for chronic and acute illnesses in an alternate treatment setting. WIRS is a licensed nursing agency and accredited by ACHC.
- 4) Appropriate Quality Standards. This project will allow WIRS to continue to provide home nursing care for patients with chronic and complex conditions requiring extended dosing times that will not be served by other home health agencies providers in the service area. The project will continue to bring to the service area a continued option for the care of complex cases, both pediatric and adult. This project will also continue to provide expanded access to low income and indigent care for complex patients. WIRS is a licensed nursing agency and accredited by ACHC.

TENNCARE/MEDICARE ACCESS:

The applicant participates in the Medicare and Medicaid/TennCare programs. The applicant contracts with TennCare MCOs AmeriGroup, TennCare Select, and United Healthcare Community Plan.

The applicant's projected payor mix for year one is provided below.

Projected Payor Mix-Year One

Medicare/Medicare Managed Care	\$34,595,795	30.0%
Tenn/Medicaid	\$12,098,028	10.5%
Commercial/Other Managed Care	\$67,288,082	58.4%

Self-Pay	\$1,267,412	1.1%
Charity Care	\$0	0%
Other:	\$0	0%
Total	\$115,219,317	100%

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Costs Chart is located in Supplemental 2. The total project cost is \$3,867,636.

Historical Data Chart: The Historical Data Chart is located in Supplemental 2. The applicant reported 1,257, 1,308, and 1,860 visits in 2014, 2015, and 2016 with net operating revenues of \$1,045,586, \$922,153, and \$1,282,265 each year, respectively.

Projected Data Chart: The Projected Data Chart is located in Supplemental 1. The applicant projects 1,934 visits in 2017 and 2,011 visits in 2018 with net operating revenues of \$1,108,596 and \$1,290,003 each year, respectively.

Average Gross, Deduction, and Net Charges

	Previous Year	Current Year	Year 1	Year 2	% Change
Avg. Gross Charge	\$67,115	\$58,996	\$59,578	\$60,159	2.0%
Avg. Deduction from Revenue	\$52,579	\$46,520	\$46,977	\$47,437	2.0%
Average Net Charge	\$14,536	\$12,475	\$12,599	\$12,722	2.0%

The current and year one staff is proved below.

	Existing FTEs	Projected FTEs Year 1
Delivery	3	3
Dietician	2.6	2.6
Nurse	3.2	5
Pharm Tech	10.5	12
Pharmacist	5.75	5.75
Administrative	3	3
Intake	11.25	11.25
Clinical Liaison	6	7
Nurse Manger	1	1
Pharmacy Manager	1	1

Account Manager	2	2
Warehouse Delivery	3	3
Total	52.3	56.6

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant has contractual agreements with Tennova Home Health, Suncrest Home Health, Amotec Home Health, and NHC HomeCare. The applicant coordinates nursing services with these agencies intermittently as needed.

This project is to relocate the principal office and should not have any negative effects on the healthcare system.

The applicant is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities and accredited by the Accreditation Commission for Health Care (ACHC).

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

**CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT
OF
HEALTH CARE INSTITUTIONS**

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

Not applicable.

2. For relocation or replacement of an existing licensed health care institution:
 - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

The nursing operation is conducted in conjunction with the infusion pharmacy to ensure appropriate coordination of care is provided to the patients. Renovation of the current leased space would result in a necessity to cease pharmacy operations for 3-6 months with an estimated loss of revenues of up to \$12 million. The current Brentwood facilities are inadequate and insufficient to continue supporting the business in a manner that meets the highest standards of care. Maintaining the current location with just the home health staff would create an undue financial burden due to lease, utilities and other operating costs that would not be able to be supported solely by the home health business. The renovation and relocation to the newly leased space for the pharmacy and home health operations will incur estimated construction cost of \$1.7 million but will permit operations to continue while construction is completed.

- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

The applicant anticipates that the continued growth of the nursing operation will be directly tied to the growth of the home infusion pharmacy over at least the next 3 years. Recent market analysis projects that home infusion will grow 9% annually

through 2023, which will result in a continued growth and need for nursing services for this patient base.

3. For renovation or expansions of an existing licensed health care institution:
 - a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

Not Applicable.

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

Not Applicable